PUBLISHED IN LONDON AND FRANKFUR Monday July 2 1979

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may shut

• BRITAIN'S major Polaria nuclear submarine base at Faslane on the Clyde faces

• BELGIUM franc remained

the weakest member of the European Monetary System, despite the rise in the Belgian National Bank's key lending

rency rose to BFr 16.0775; above

its EMS ceiling of BFr 16.0740,

hut was brought back by the Bel-

gian authorities selling Dentsche

The Belgian franc fell well outside its warning divergence

limit against the ECU on Thurs

day, but was only slightly ont

• INDUSTRY SECRETARY IS

expected to announce plans to top up ordinary regional indus-

trial aid with special grants to attract foreign investment. Back

Tougher price

rise laws likely

TRADE DEPARTMENT is

excessive price rises in a docu-ment to he published soon.

. WORLD CAR output, which

rose by 43 per cent hetween 1970 and 1978, will grow hy

less than 8 per cent in the years to 1985, says the Economist Intelligence Unit. Page 3

FIAT BRAZIL is to export

20,000 of the world's smallest dieselengined cars to Europe from next spring. The "147" will be sold in Italy at first then in other countries. Back Fige.

. JOHN BROWN Engineering

profit-sharing scheme for its

● POLAROID of the U.S. is

facing increasing problems with

plant in Massachusetts. Page 15

\$1.3m (£600,000) cash. Page 15

Clydebank has started a

xpected to spell out plans for tongher laws to improve business competition and halp carb

side the limit on Friday.

and Page 4

Jme 29, 1979

**Polaris** 

base

Refugee Strike flood 127

### PLOM

virtual closure from today as the Institute of Professional Civil Servants has called out 12 key officers who control the The tide of Victoamese refugees flooding South east Asia may be even bigger than first supposed, Lord Carrington, the Foreign

Linguer ikan first supposed, 12 key officers who control the Kord Carrington. The Foreign maintenance and loading of Secretary warned in Kunia nuclear warneads.

Linguer after talks with the nuclear warneads.

Disruptions at Rosyth, Portsmouth and Devonport are also the law of the processing sporadic stoppages, and the camps in other countries to ease union warned that the action the Malaysian refugee problem by scientists and the tan conference on Indochma installations. Page 7

refugees, which begins in refugees, which begins in reneva on July 20.

Meanwhile, Mr. Michael O'Kennedy, the Irish Foreign Minister and president of the CEC Council of Ministers, said the EEC will review its financial assistance to Vietnam if Nancial fails to half the refugee flood-

### Patients at risk

Cuts in revenue spending in the health service will result in a risk to patient mortality according to health service management and medical reports. Back Page—The Royal Commission on the health service is expected to publish its long awaited report later this month, and to recommend substantial changes. Page 4

### Post problems

Sir Keith Joseph the Industry
Secretary, could make a statement in the Commons today,
about the problem of the Post
Office, the been given
permission to the problem of the post
office, the been given
permission to the community of the 1325m
following communer. Staff: T

major new diplowith South. dent Park Changto resolve issues since the Korean

### rist terror

\*\*kers in Spain's resorts faced renewed nets as Basque guer-nued their campaign e the country's tourist Seven bombs went bours in Benidorm and Malaga.

### les

70 per cent of all wild in the UK last bought or leased for the of business use. ey published today

### service

ral leader Jeremy his wife Marion anksgiving service Devon church for Bailey acquittal on murder charges.

als In d second to Russia ean Athletic Cup Malmo, Sweden, to place in the finals

ugust

Godfrey a curfew in pala to curb out violence. Page

Jean-Pierre Jahouille of France unsold stocks of instant won the France Formula One cameras and will lay off a Grand Prix at Dijon in a further 390 workers at its main

T.I. Raicigh, led by world o BICC, the UK cables group, cycling champion Gerrie Rhete has acquired the Mineral mann of the Netherlands, won Insulated Cable division of GK the team time trial fourth stage. Technologies of the U.S. for of the Tour de France.

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modernisation: Editorial comment: After

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# Treasury warning of no growth in next few years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Treasury Ministers will shortly warn the Cabinet that there may be little or no growth in total UK output over the next few years, and possibly throughout the lifetime of this Parliament. This view will be presented alongside proposals for further substantial cnts in public spending from next

Treasury officials have recently completed one of the gloomiest ever medium-term economic assessments.

produced the larger sum. This has created some tion in parts of Whi among both politicians and

Their conclusion is that, in spite of rising North Sea oil spite of rising North Sea oil production, the prospects are poor for any general expansion of the economy. This reflects both the expected slow growth of world trade and the deteriorating competitive position of British goods.

Treasnry Ministers will argue that in these circumstances there needs to be a reduction in the share of public spending in the share of public spending in total output to allow more scope for the private acctor.

The broad aim appears to be to reduce the vertime of expenditure in 1980-81 by roughly filbn

to £11bo below the expected level for this year. But this has not yet been discussed by the Cahinet.) Mr. John Biffen, the Chief

Secretary, hacked by the Prime Minister asked departments to prepare options on the basis of either a stated percentage reduc-January or the cuts exercise be adjustments to offset both at least 3 per cent belo prepared by the Tories in the onceand-for-all element in previously planned total composition, depending on which tion from Labour's plans of last

This bas created some irrita-tion in parts of Whitehall among both politicians and civil servants. While the pre-election cuts exercise was the most detailed carried out by a party in opposition, several shadow spokemen, who are now Ministers, regarded the (often large) totals agreed then fur 1980-21 as tentative and aubject tn later review.

The more conventional nptinns are being prepared in the hasis of reductions of 5 and 7! per cent below Labour plans for 1990-81 onwards. All Whitehall spending departments had to submit their proposed cuts to the Treasury by the end of

notably io the industry, emand environment ploymen may have to he larger than the in order in accommoreases elsewhere, notahly in defence.

Mrs. Thatcher ready to

end Rhodesia sanctions

BY ANDREW CLARK IN SYDNEY AND ELNOR GOODMAN IN LONDON

clear yesterday that she expected 14 years of trade ledged only in private. Neversanctions against Zimbabwe Rhodesia to end this antumn.

Speaking Australia, Mrs. Margaret Thatcher said she already saying yesterday that it doubted very much whether a meant that Britain had thrown received to provide the said she already saying yesterday that it meant that Britain had thrown received the said she already saying in public what the clear yesterday that said she already saying in public what the clear yesterday that she will now has been acknown.

doubted very much whether a renewal of sanctions would get through Parliament when they through Parliament when they take up for renewal in November.

Recognition of the Government in Salisbury was, she emphasised, a separate issue which might take "just a little which might take "just a little hit longer" to resolve.

The Oppolition is likely to intensify its pressure for a dehate on Riodesia before the Prime Minister leaves for the Commonwealth leaders' conference in Lusaka at the end of the month, when the Rhodesia issue

hit longer" to resolve.

But, in a series of policy statements which seemed to edge Britain closer towards recognition, she said it was wrong to be too pessimistic about other Covernments joining Britain in a collective act of recognition of the Government lied by Bishnp Abel Muzuorewa.

In admitting the parliament of the end of the month, when the Rhodesia issue is expected to overshadow all other topics of the agenda.

If the Government was agree to provide the time for such a debativiteli, the Opposition of the Government list own supply days for this purpose. The would provide the in Lusak at the end of the month, when the Rhodesia issue is expected to overshadow all other topics of the agenda.

If the Government was agree to provide the time for sition may deside to use one of its own supply days for this purpose. The would provide the in Rhodesia issue is expected to overshadow all other topics of the agenda.

In admitting the parliament Mr. James Calaghan with an

ary difficulties involved in epportunity

renewing sanctions, Mrs. That- undermine

cuts and the results of the pay

comparability studies. There also appears to be a general desire to secure a better balance between current and capital expenditure after the sharp reduction in public sector investment in recent years.

The Treasury proposals will be put forward in the form of a paper on the medium-term economic outlook from Sir Geoffrey Howe, tha Chancellor, an danother from Mr. Biffen on the implications for spending plans. The hope is that the Cabinet will at least agree the brund strategy and totals for 1980-81 by the end of July.

All this is part in the annual

All this is part of the annual review of expenditure plans— while there has been a further known as the PESC exercise— which leads up to the publication of a White Paper next the cuts in same programmes, otably to the industry and employment."

All this is part of the annual review of expenditure plans— while there has been a further improvement in courrent total and export order books, companies expect the recent quite

The operation has had to he truncated this year. This is hecause of the election and the need to review spending plans for the current year in time for the Budget. The volume of ex-Moreover, there may have to penditure in 1979-80 was cut by be adjustments to offset both at least 3 per cent below the the onceand-for-all element in previously planned total down

the House hy offering the sup-

After lengthy talks with Mr.

Peacock, the Foreign Minister, Mrs. Thatcher does not seem to

have succeeded in persuading

Australia to adopt a more

favourable attitude towards the

new Rhodesian Government

Australian officials said that Australia remained opposed to recognising the new Govern-ment under its white-imposed

Bishop Muzorewa faces

crucial week in his hld to ohtain

international recognition and

the lifting of economic sanc-

tions. He will hold talks with Lord Harlecb, Mrs. Thatcher's

special envoy, who is dua in Salisbury tomorrow. Latar this

week the Bisbop will fly to

Washington and London.

constitution.

# CONTINENTAL SELUNG PRICES: ALETRIA Sch TE: REEQUING Fr 25: DENMARK Rr 3.5: FRANCE Fr 3.5; GERMANY DM 2.0: ITALY THE RELIANDS FI 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Industry fears 'bleak' prospects

INDUSTRY IS becoming in-creasingly worried about the eroslon of its competitiva posi-

seas markets and about the
"bleak" prospects for company
liquidity and profitability.
These are the main conclusions of the Confederation of
British Industry's latest Economic Situation Report. Published
today. It is based on the June
monthly trends inquiry and
regional views.

tion in both domestic and over-

eas markets and about the

regional views. The results are similar to those of the FT monthly husiness opinion survey, which is

also published today. The CBI concludes the economic environment, in the sbort-term at least, is likely to he a difficult one for business

The report warns: " If the in creases in unit costs from settlements in the coming pay round are not significantly below those in the past two years, companies will find it difficult to maintain investment and employment."

Producers of consumer goods enjoy healthier order books, both at home and abroad, than

those manufacturing capital or intermediate goods. The continued recovery ln demand contrasts with a weakening in output expecta-tions. This is most marked emong producers of capital and Intermediate goods and among larger compenies. A possible explanation is that companies may be intending in reduce may he intending in readi-stocks of finished goods. There has been a small increase in the number of companies reporting adequate or more than

adequate stocks.

The proportion of companies expecting to raise their everage domestic selling prices over the next four months remains about two-thirds, only slightly higher than in the previous THE Prime Minister made it cher was saying in public what claims that she could not get

counte of months. The inquiry was hased on 1.892 replies from manufacturport of his own MPs for the ing industry and was conducted in the fortnight up to June 20, straddling the Budget on Malcolm Fraser, the Australian Prime Minister, and Mr. Andrew

According to the FT survey. the Budget was generally well received by industry. There Continued on Back Page FT survey details, Page 18

# Carter plans new energy measures soon

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT Jimmy Carter, due to returo to the U.S. late last night from the Far East, is expected to announce a further series of measures aoon to com-bat the U.S. energy crisis.

He will also hope to reverse the aharp erosion in his public standing that has been exacerbated by bis administration's

bated by bis administration's handling of the fuel problem.

Speaking to reporters on bis flight bome, the President agreed that the latest round of oil price increases by the Organisation of Petroleum Exporting Countries had made more likely a domestic economic. more likely a domestic economic recession. He said that 800,000 jobs

could he lost as a result of the six-month escalation of international oil prices, while U.S. economic growth could he reduced by 21 per cent over the next 18 months below what it would otherwise have been.

Another official accompanying

the President said that no real growth in the economy could now be expected for the current

It is not clear yet wbether tha President, who abandoned a planned short boliday in Hawaii this week to return to Washington from Tokyo and Seoul, will seek to combine assorted initiatives into another energy policy package or will adopt more of a piecemeal approach, relying on his own executive powers while backing other actions by the Congress.

Vice - President However. Walter Mondale, in a television interview yesterday, spoke of a Irish petrol prices rise,

 Esso puts no 6p a gallon, Page 4

Editorial comment, Page

Registering world transactions, Page 13

princity. Back Page

massive programme " develop alternative sources of energy, financed out of the proposed windfall profits tax on the oil companies now before Con

Vice-President. who described the OPEC price in-creases, as "a cryshing blow." also said that by autumn new negotiations with Mexico for greater natural gas imports should be concluded. The Administration is also

showing interest in a multimillion dollar energy regional development fund for Latin America heing drawn up hy the Inter - American Development

Although Mr. Mondale ducked uestions on the implications of the energy cruch for next year's presidential elections. Carter is returning home to a political position more forecarious than it was before hla summit ventures in Vienna and Tokyo in the last two weeks.

# Tough stand at summit

BY REGINALD DALE

The decision to take a less

conciliatory line in the summit's final communique was at the initiative of President Jimmy Carter and Chancellor Helmut Schmidt.

News of the OPEC price deci-

THE LATEST oil-price increase two-day summit-slthough the caused the world's seven leading incustrial nations to toughen their stend towards the leaders delayed discussion of the control of the contr Organisation of Petroleum cnergy, the dominant topic at Exporting Countries during last the summit, to give them time week's Tokyo summit, it for an assessment of OPEC's emerged at the weekend.

The outcome was a stronglyworded communique, deploring the move by the oil producers and warning that it would have a "crippling effect" on some developing countries. References in an earlier draft communique to the need for a new sion in Geneva began reaching dialogue hetween oil consumars. Tokyo on the first day of the and producers were cut out.

# Delay over double tax treaty

o attempt to

hit longer" to resolve.

THE GOVERNMENT has decided to delay Parliamentary consideration of the UK-U.S. double tax agreement. The move follows a campaign by a group of 40 major companies against its rapid ratification.

The companies, which include EMI, Foseco Minsep, Chloride 2,000 staff, which, it is hoped, will lead to a basic pay deal in single figures for the next wage round. Page 7 and Plesser, have urged that MPs should not consider the revised treaty until there are system by some States.

Last year the Senate threw out a clause in the treaty basis of a proportion of a company's worldwide income.

The revised test negotiated by officials doas not include that clause and the UK companies, as well as Conservative backbench MPs, argue that rapid ratification would imply acceptance of the principle off unitary taxa. the principle of unitary taxa-

The Government appears to have accepted this argument. The amending protocol to the treaty is expected to be ratified firm U.S. moves to stop the usa by the full Senate on July 9 hut of the controversial unitary tax. the Commons will not now consider the protoco hefore the recess, which begins at the end of the month.

acceptance of Mr. Peter Rees, Minister of unitary taxa State to the Treasury and responsible for tax treaties, will visit the U.S. the same month for talks.

The companies dislike unitary taxation because its wide adoption could lead to multiple taxation of profits. There are grave fears among Whitehall officials and some

sections of British business that any aftempt to use the long delayed treaty—on which nego unitary tax—tax assessed on the tion to a separate Bill aimed at tiations hegan in 1973 — to put controlling unitary taxation of pressure on the U.S. could back-foreign companies by individual fire.

# Steel Board rejects changes

BY ROY HODSON

PLANS BY Sir Charles Villiers, chairman of the British Steel Corporation, to reorganise the executives have been rejected

secutives have been rejected management at Grown of Finds, by his 20-man board.

Sir Charles recently had his to be much reduced and responsibility for making profits pushed out to the directors of 15 new profit centres in the by his 20-man board. three-year appointment extended hy a further year until September, 1980.

Tomorrow he will announce regions. heavy losses by British Steel for the fourth year in succession. A deficit of some £325m for 1978-79 is expected, compared with £443m in 1977-78 and £350m in the two years pre-

Sir Charles wanted to soften the blow of the new losses with Corporation, to reorganise the the promise of a radical over-management of the corporation had of British Stee's manage-and make changes among top ment. The power of central executives have been rejected management at Grossinor Place.

> Unexpectedly Board opposed the plan. A najority of more than two to the spoke against it when they were given details a few days ag. The present BSC policy Board,

which was largely appointed on Sir Charles' advice, includes five husinessmen, five British steel executives, aix employee directors, and two civil servants from the Treasury and the Department of Industry.

Employee representatives on the Board opposed changes in Corporation'a structure because they felt the spotlight would be thrown on loss-making steelworks with the result that the works closures programme might be accelerated.

Some support for Sir Charles came from independent husinessmen on the Board.

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Name	 Position

# Carrington warns refugee outflow may increase

BY PHILIP BOWRING IN HONG KONG AND REGINALS BALE IN KUALA LUMPUR

gees flooding South-East Asia left in Vietnam. may turn out to be bigger than supposed, Lord Carrington, British Foreign Secretary, said after talks with the Malaysian

At least 40 per cent of the "boat people" reaching Malaysian waters are now ethnic Vietnamese, against only 14 per cent when the flow started. This suggests than ao oveo greeter proportion of the country's population may ultimetely leave or be forced out.

In Bali, Foreign Ministers of the ASEAN countries-Malaysia, Thailand, Singapore, Indonesia and the Philippines said the exodus of refugees had now reached crisis proportions.

The movement of peoples was "causing severe political, socio- settle for a promise by the economic and security prob- Malaysien Government that it dems " in their countries, they would change its tough policy declared at the end of a threeday meeting.
The fear is that the refugee

THE TIDE of Vietnamese refu- of the 1m or so Chinese still camps will only be temporary-Even some former Viet Cong

> leaving. Malaysian Ministers told Lord Carrington of their plan for a series of temporary UN-sponsored processing camps in other coontries, such as Australia, Indonesia, and U.S. territories io the Pacific

soldiers are now reported to be

Only if such camps could take some of the strain would Malaysia he willing to admit more refugees,

Until then, however, Malaysia will continue its pelicy of "shooing away" new arrivals, despite its regret at being

Lord Carrington, who met the "boet people" in person in Hong Kong yesterday, had to would change its tough policy "as soon a postible."

The Malaysians are expected The fear is that the refugee to present their plan to the UN Western European. ASEAN, tide could continue flowing conference set for Geneve on North American and Austral-much longer than expected if July 20-21. They want UN asian nations. Some Latin othnic Victnamese start coming finance for the processing camps out in greater numbers, on top and a UN guarantee that the

a guarantee some possibla bost countries may regard with

The refugees conference will be held at Ministerial level. Sixty countries are heing invited, including China and Vietnam. It now seems likely that Victnam will attend.

Dr. Kurt Waldheim, UN Secretary-General, said the conference will conceotrate on the bumanitarian and resettlement aspects, rather than political

Thus, Vietnam's preconditions would appear to have been met: That the conference only be attended by countries directly concerned-countries where the refugees are arriving and countries assisting their resettlement, and that it should not discuss Cambodie or be used

for e political purpose. Invitations are being sent to ell OPEC countries as well as

### Irish motorists face 15p rise in petrol price By Stewart Dalby in Dublin

TRELAND'S motorists almost certainly face a 10p rise in the price of petrol because of last week's OPEC decision, and the Increase could soon be as much

If the latter rise is impose this means top-grade petrol will cost £1.25 at the pumps. But with a further OPEC rise

later this year, Irish motorists could be paying £1.50 a gallon by early 1980.

The shortages, and the long queues et garages, have largely diseppeared but Ireland remaios extremely vulnerable to the effects of oil shortages.

7.51m tonnes of oil equivalent. Some 84 per ceot of its energy requirements are imported, and 75 per cent of its imports are

Ireland's refining capacity is 40 per cent of its oll needs. It bas no oational oil corporation.
Although petrol is expensive to the consumer, the wholesale ments as "re-education" oo price, at about 45p a galloo, is farms and confiscation of proprobably the lowest in Europe.

### Rawlings says Ghana still respects law and justice

BY MARK WEBSTER IN ACCRA

GHANA HAS NOT forgotten its respect for law and justice. Flight-Lieut. Jerry Rawlings, chairman of the Armed Forces Revolutionary Council (AFRC) said in a week-end broadcast. The annouocement has provoked speculation that no more executions will take place in the

Filght-Lieut. Rawlings said thet international fears that humao rights were being flouted io Ghana were understandable. But he added that a "hetter appreciation" of what was happening in the country would show that those fears were unfounded.

He said those found guilty by secret military tribunals, known as People's Courts, would still be punished. However, diplomats regard it as significant that he ooly mentioned such punish-

.It was the execution by firing squad of eight prominent members of formar military governments which caused widespread coocern in African and Western

The most damaging protest came from Nigeria, which threatened to cut off oil supplies If Ghana went ahead with more executions, The petrol rationing which came into force in Ghana last weck is seen as an indication that the Nigerians are carrying out their threat, although no confirmation has heen forthcoming from either

Meanwbile, cleaning " operatioo undertaken the AFRC to root out corruption among the military and civilians is continuing apace. An ultimatum to those who owed back taxes to pay up immediately resulted in long queues at tax offices, according to local newspapers.

# to halt arrests in

**Tehran** CRIMINALS in the Iranical capital have been given a field day, by courtesy of the Gernment which is enmeabed in

a prolonged dispute with the Revolutionary Committees over control of Tehran's

Mr. Abolfazi Shahsbahani, Tehran Prosecutor-General. bas instructed all policemen not to make any more arrests until further notice. The capital's senior legal officer also told the courts not to hear any more cases.

Control over Tehran'a main prison is the issue over which Mr. Sbahshahani issued kis extraordinary order. He said "people without responsibility" had controlled the prison since February. Despite several meetings they were not prepared to relin-quisb their grip, and as the two other places of detention at the disposal of the police and Justice Ministry had only limited capacity the police

would have to stop their work.

The unresolved problem of the excess of "decision-making centres," as they are known here, is reported to have led to a fresh crisis in relations between Dr. Mehdi Bazargan's Government and the group of ruling cleries led by Avatoliah Khomeini.

An extraordinary meeting was held in Qom at the week-end between the Prime Minister and his Cabinet. the Revolutionary Council and the Ayatollah.

Dr. Bazargan was believed to have demanded full execu-Curfew order

### for Kampala

By John Worrali in Nairobi

THE UGANDA Government of President Godfrey Binaisa has imposed a curicw on some areas of Kampala because of further ootbreaks of armed One of these areas is the subnrb of Kololo Hill, where

many diplomats have their residences and where many armed robberles heve taken-place in the past few days,

Other areas covered by the curfew are in parts of the city where there is still unrest over the recent outing of President Lulo.

# Police told New Korea talks proposed U.S. envoy

BY RICHARD HANSON IN SECUL

THE U.S. and South Korea by South Korea-after further referred ay concluded two days of consideration in Washington.

The president Carter meanwhit and the president carter meanwhit metiled his host with points. blomatic initiative aimed at reforences to bumen rights, a boring North Korea into triferal talks on the thorny issues lack bave divided North and onth since the Korean War ceasefire in 1953.

Discussions between President Carter and Sooth Korean-President Park Chung-Hee also produced a reaffirmation of the American commitment to the defence of South Korea and the likelihood that Mr. Carter will formally freeze plans for with-

test to Pakistan yesterday about

the fact that he was not allowed enquiry.

President Carter meanwhile nettled his host with pointed very sensitive issue for the South Korean Government. Mr. Carter, in a nationally televised hanquet appearance, toasted President Park by calling for progress equal to the achieve-ments made in the ecanomy "through the realisation of basic human aspirations in political

and human rights." Mr. Carter met briefly with Church and other dissident leaders, with discussions rangdrawal of U.S. ground forces—ing into human rights. At the an assurance anxiously sought end of his virit he had Mr. Cyrus

Protest over attack on FT man

the atteck in Islamabad by a story about Pakistan's alleged French Ambassador to Pakistan

group of men on Mr. Chris attempts to make a nuclear and one of his staff were beaten. Sherwell, the correspondent for bomb. He suffered shock, cuts up outside an installation near the Financial Times add the and bruises.

A Pakistani Fereign Ministry

RRITAIN MADE a strong pro- phone call.
test to Pakistan vesterday about Mr. Sherwell has said he was

the lack of consular access after attacked while following up a

Mr. Robin Fearn, the charge official expressed regret at the

d'affaires, complained to the incident and said the Ministry Pakistan Ministry of Foreign would take up strongly the

Affairs et the deley in granting denial of consular access and analis of the deley in granting access to Mr. Sherwell after the would be asking the police to incident on Friday, and over conduct a full and immediate

hy the police to make a tele. He denied there was any con-

Vance, his Secretary of State present the South Korean Government with two lists of people who have been detained by the Government; asking that the activity is preceding resumption of the autonomy take due to the people be released. One start later this week between was compiled by the U.S., the President Sadat and Mr. Begin, other by Amhesty Interna the Israeli Prime Mulister. Mr. Robert Straust the U.S.

the U.S. and South Kerea yes-terday transmitted to Pyong Korea, through a third party, the joint proposal for officials of the three countries to meet "to seek means to promote dia-logue and reduce tensions in the

nection between the attack on

three days earlier when the

up outside an installation near Islamabad believed to be con-

nected with Pakistan's nuclear

Mr. Sherwell has filed a com

plaint alleging criminal assault fercible confinement and rob

bery. His notebooks and \$70 were taken from him during the

programme.

# Mr. Vance told reporters that

Mr. Robert Straus, the U.S. special ambassador, who will be leading the American delegation at the autonomy talks in Alexandria on July 54, was due to arrive in largel yesterday the capital of North

Mr. Strauss will hold two private meetings with the Israeli Interior Minister Dr. Yoseph Burg, who is leading the Israeli delegation to the autonomy talks, in addition to attending two formal sessions between the U.S. and Israeli

to inspect

West Bank

A FLURRY of diplomatic

activity is preceding resumption of the eutonomy take due to

He will also be taken by helicopter to inspect the West Bank It is expected that the Americans will bring pressure to bear on Mr. Begin to halt or contain Israeli settlement in the West

Reacting to U.S. criticism of Israeli operations against Palestinian guentilla bases in Southern Lebanon, the Israeli Cabinet vesterday re-affirmed it would continue to hit such bases at such times and in whatever way it considered oppropriate to protect Israel's security
Two explesions occurred in
Jerusalem and Tel Aviv yester

### From Lhasa, K. K. SHARMA describes his arrival in the New Tibet

### Journey to the Roof of the World

narrow opper reaches of the Brahmaputra River Valley.

Then it swoops between craggy hills to land at nearly 14,000 feet, oo the Roof of the The drive from the landing

strip—opened in 1966—to Lhasa is nowhere near so dramatic. A land cruiser negotietes the 40-mile road, encountering a few yak, fewer Tipetans and occasional abandoned Buddhist monasteries before crossing a long bridge over the river to bring the first Indien jeurnalists—three of us excited at the prospect of being the first Indians in Tibet for over two

decades—to the capital, Lhasa. Nothing mysterious here as we thank our stars for an asphalted road after a two-hour bone-rattling drive to reach the

From the distance, we can gramme, visiting communes,

banks sharply to enter ioto the Palace, former headquarters of the Dalai Lama, the God king of Tibet, now living in the Dharamsale hill station in the Lower Himalayas of India.
It is partly due to him that
we are bere. The Chinese have

recently been making overtures to the nearly 60,000 Tibetan refugees in India, and strongly hinting that they are welcome The Dalai Lame has not yet accepted, and in fect has made e brief trip to Russia instead.

But some of his followers have shown interest in the new Tibet which we are here to see about a fortnight ahead of the: 40-odd foraign correspondents based in Peking. The Chinese mean this as

are uoable to make out what it is intended to suggest. Ahead of us lies a husy pro-

some kind of gesture though we

ably, it is an effort to show how Tibet has been transformed compared since the Dalai Lama fled the Tibetans world's highest platean in 1959. Lhasa is A success story obviously lies

ahead for us to discover, or else we would not be here. How far-lt impresses the Tibetans in India remains to be seen. The first impressions hardly forbidding. indicate anything. Certainly, there are visible a large number

of people of Han origin. They are present in large numbers; both as residents and as mem-bers of the strong contingent of the Chinese People's Liberation Army. We saw many of them on the been transformed.

way to Lhasa and there are plenty of uniforms evident in the capital of this autonomous

The Chinese admit there are substantial number of Han centres.

Hyushin see the famous 13-storey Potala factories, development projects settlers in Tibet. The proportion the Palace, former headquarters of and even monastries. Presum-tion comes as something of a tion comes as something of a surprise—as many as 600,000—

Lhasa itself is a bleak town. The gold-roofed Potala dominates its low grey buildings, nestling in a valley surrounded by barren rock and sand hills that look much like enormous craggy sand dunes, only more

We are warned to take it easy today our first day here, and justifiably so. The rarefled atmosphere makes for heavy breathing and Astlessness. So we are advised to rest at least for the day before finding out for ourselves how Tibet has

# If you want to succeed in the Middle East talk to the biggest bank in the Middle East market makers. And we're involved in joint ventures

Our financing resources run into billions of dollars. Our clients include governments, institutions and multi-national companies.

Using the latest computers and advanced electronic equipment, we provide a highly sophisticated international banking service.

We are involved in foreign exchange. We provide short, medium and long term loans. Negotiate and discount bills. Handle bond issues. Syndicate world-wide loans. Underwrite securities. We're

and project finance in a big way.

With billion-dollar assets and a uniquo combination of local insight and global sophistication in finance, it's hardly surprising that we're the biggest and most successful bank in the Middle East.

We'd like to share our knowledge and success Talk to us about you own special financing

requirements. البنائ الخصيلي التجارى

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Head Office P O Box 3555, King Abdul Aziz Street, Jeddah, Saudi Arabia Tel: 33580/4, Telex: 401086 NCBGEN SJ

# **Transparent** Paper **Limited**

# Supply difficulties overcome

Lord Kenyon's Statement: Group Earnings before tax were £1,003,000 for the year to 31st March, 1979, This result represented a declina from the previous year tim cannot he considered unsatisfectory in a particularly difficult year.

In the first half-year the Compacy encountered poor market conditions and disruptions arising from Plase III of the Government's pay guide-tines. The Company managed to maintain an uninterrupted service to customers in the home market throughout the winter months, when the rest of our industry was seriously affacted by the long drivers' dispute.

Strong Damand . Since the termination of these various disputes, your Company has experienced a strong market for its products, both at home end abroed, unprinted cellulose film being aspecially in demand. Our conversion of polypropylene end other pleatic tilms contimes to expand in spite of the increasing recognition that products derived from wood must have a more certein foture than those derived from oil, a prime source which is currently tha subject of much debata and restriction.

Our Associated Company, Seaton Chemical Davelopments Limited, in which we have a 50% participation and which is well established in the market for raw and processed sulphur, has recently acquired a majority leterest in Microfine Minerals end Chemicals Limited, who are specialist manufacturers end suppliars of industrial minerala including mica, chalk, tale and-

Payroli Costs During the past year, your Company experienced an excessive rise in payroll costs - no less than 18% - and this hae inevitably had the effect of reducing the funds available for expenditure on improvements to the plent at Bury. A much greater degree of prolitability will be required in the future if expenditure for capital pulposes is to be meintained et the high level of recent

It is some consolation to your Board that, as e result of a consistent and continual policy of renewel and improvement, the Company is well equipped to face the future, with a skilled staff whose loyalty end ebility have been in evidence for so

### Principal Activities

The Company manufactures and converts transparent celluloso and plastic film. The products are used in particular as immediate wrappings by the confectionery, tobacco, biscuit, bakery and snack food trades, and for toxtiles and pharmaceuticals, together with many similar uses.



### SCOTTISH DEVELOPMENT DEPARTS LONDON-EDINBURGH-THURSO TRUNK ROAD AS PITLOCHRY BYPASS PHASE 2

The Secretary of State for Scotland proposes to invite tenders

experienced contractors for the construction of the above section trunk road, extending from a point south of East Lodge Faskally a distance of abproximately 25 km to the junction of the BBB19 the existing A9 Trunk Road.

The construction is of some 25 kms of single 7.3 m carriage either flexible or rigid payement. The scheme includes the page of approximately 120,000 cubic metres together with the implication of the construction of the page of approximately 130,000 cubic metres together with the implication of the construction of the const

of approximately 120,000 cubic metres together with the Imp of approximately 330,000 cubic metres of material. Also a is the construction of one bridge (road over rail), side road tions, drainage and other ancillary works. Approximate cosworks is £3.5 million.

Contractors wishing to be considered for inclusion in the list to be invited to tender for this contract should apply to the Scottish Development Department. NCR Building, 2. Gardens, Edinburgh EH12 5NJ, not later than 30 July 1979, referece RUP/8/5/1. Thereafter, invitations to tender extended to selected contractors and the necessary tender dand drawings will be Issued by Jamileson Matlay and Consulting Engineers. 20 Royal Terrace. Glasgow G3.7NV The intention is that tendering should be restricted to firms to capacity and experience who at the time will be in a passibility gentimely competitive tender. Contractors and other commitments, or for any other reason do not a other commitments, or for any other reasons do not considered for these works will not in any way pre elegibility for consideration for future similar consecus. This scheme has also been advertised through the met Official journal of the European Communities.

## HEADLAM, SIMS & COOGINS 1

Progress continues for a third successive r

1	1		1
ŀ		Summary of Results	٠
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			P
		dividend per 5p share	;
ł		[gross equivalent] 2.54p 1.81p 1.64	Ċ
. 1			a

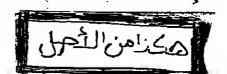
Highlights from the Statement by Mr. Alec Cogging (Cheirman):

Progress made in the last three years has continued and a further record year has been achieved.

Group assets have increased significantly from £1,149,000 to £1,646,000.

Intention to recommend a substantial increase in dividend following abolition of dividend restraints. Intention to explore the possibility of entering other fields of activity and to take advantage of any suitable apportunity that presents itself.

MANUFACTURERS AND DISTRIBUTORS OF SPORTS FOOTWEAR



# Sharp decline forecast for world car industry

BY KENNETH GOODING

to 1295, according to assemble Economist Intelligence Unit Europe.

The main impact will be felt in Japan where output soared hy ST.5 per cont to 6m a year in 1970-73. The EIU sees no growth for Japan between now and 1985, said Mr. Arthur Way. editor, of the EIU's Motor Business at a seminar organised by stockhrokers Phillips and

WORLD CAR production, which jumped by 43 per cent between 1970 and 1978, will advance by less than 8 per cent to the years to 1995, according to assembly plants in the U.S. and production is not particularly bright either.

Of the other major trading ear production would slip by nearly 4 per cent a year by per annum level.

cent would be transformed into only a 6 per cent rise compared a fall of nearly 1 per cent by with 61.5 per cent from 1970 to 1985 with output down from 1978. He maintained that Japanese prospects were dimmed by 11.6m a year in 1978 to 11.5m. World commercial 11.6m a year in 1978 to 11.5m. World commercial output is expected to go up hy production outside the three production outside the three output is expected to go up hy production outside the three purposes towards protectionism in trading areas would rise a year by 1985.

bright either. Between 1978 and 1985 outblocks, Err. Way suggested that in North America, after a 39 per cent growth to 10.4m units a year hetween 1970 and 1978, In Western Europe production should remain around the 1.5m

Similarly, in Western Europe, growth, from 3.3m to 3.5m a the early-1970s growth of 15 per year, but this would represent

# Western Europe and North main trading areas would rise just 1 per cent to n America: by the indigenous from im to 7m by 1985, forecast units a year by 1985. Dutch gas reserves upgraded

BY CHARLES SATCHELOR IN AMSTERDAM

most farsighted plans extend—to supply one-third of total the National Gas distribution energy needs by 2003 and will the National Gas distribution company. Gasunie said.

But this forecast is based only on "expected reserves," which it defines as those with a 50 per cent chance of being recovered. This apparently favourable picture also contains a number of other uncertainties, sources and imports are estimated as a supple of the contains and imports are estimated as a supple of the contains and imports are estimated. it said in its annual gas supply ated at 815bn cubic metres.

These estimates assume only 800bn cubic metres—enough moderate levels of oconomic for a further 20 years—after

UX

U.S.

Belglum

Holland

W. Germany

Muril Economic Indicators

UNEMPLOYMENT

1,279.6

5.3 214.6

May 79 775.1 3.4 5,929.0 5.8 285.4

7.2 April 79 1,290.4 5.6 1,240.0 2,2

May '79 1,306.7

5.4 211.1

April '79 875,5 3.8

5,900.0 5.8 289.7

March 79 1,312.0 5.7 1,350.0

THE METHERIANDS has large growth and an active policy of allowing for the 1.691bn enough gas reserves to meet its needs for another 45 years—20 also based on the expectation present 25-year plan. estimate of use, based only on

> uncertain imported fuels. Proven reserves-those with a

lead to increased dependence on

This would leave more than

April 79 1,370.9 5.5 208.3 5.0

5.0 March 79 957.7 4.2 5,871.0 5.7 294.2 7.4 Feb. 79 1,341.9

5.8 1,270.0

Under the more caudous

proven reserves, Gasunie ex-pects the available supplies of 1,739bn cubic metres to exceed demand by 243hn cubic metres in period up to 2003. Doluestic deliveries are estimated at 891bn and exports at 605on. Proven reserves declined by

79bn cubic metres last year. Set against deliveries of 90bn this represents an increase of 11bn in reserves. This increase—which was small compared with previous years—was due to the fact that searches are the fact that searches. fact that scarcely any more imports were contracted while estimates of gas in some of the Dutch fields were revised down-

Gasunic has also been forced to reduce its estimate of the savings likely from the Government-supported bousing insula tion programme. This is now expected to save only 65bn cubic metres between 1980 and 1990 instead of 100hn.

Intensive efforts to discover new reserves and reach more import agreements are needed 1,105.7 A faster than expected growth
5.1 of the economy would also put
1,230.0 pressure on reserves, Gasunie
2.2 seid. if supplies are to be maintained.

### U.S. steel consumption expected to fall

By Giles Merritt in Brussels

RISE of 2.8 per cent in worldride consumption of crude steel has been forecast hy the International Iron and Steel Institute t ISI) for 1979 over last year's

In its latest updatiog of irinds in steel demand, the Brussels-based IISI sees total world consumption reaching 74:m tonnes this year, with the countries of the Western world inceasing their demand by 2.6 per cent to 475m tonnes.

Tie IISI sees increases in consumption in all the main industriaised Western nations, with the exception of the U.S. where last year's steel use of 147m tonnes could fall to 143m tonnes in 1979. For the EEC and Japai. however, the Institute has revised the earlier forecast prepared for last September. Japanse steel consumption in 1979 is expected to he 71m tonne. 4.4 per cent more than originally expected, while EEC use is marginally down at 109m tonnes The 1m tonnes drop built ato the new HSI figures reflects an anticipated shortfall of im connes in hoth the UK

### Energy costs

and Wet Germany.

The xw figures, were produced bfore the recent OPEC increase a crude oil prices, but the Institte emphasises that the likelihoo of bigher energy costs was conserred in the new fore-casts. No ribeless it appears to doubt the the present energy crisis williroduce the same phenomenon n steel consumption as that wich followed the 1973-1974 crisi when stockbullding by indust helped sustain demand a pre-recession boom

### Developag

In its foreast, the IISI expects oldest and leading tyre com-he Western dustrialised country, will be making tyres for the Westerniedustrialised countries to account for 383m tonnes of crude sterconsumption, with India will be importing for her developing contries taking 92m ! defence services.

### PERU'S FOREIGN INVESTMENT POLICY

# Constraints begin to ease

harriers to foreign investment and is diversifying its trade as part of a new economic policy aimed at ridding the country of the most glaring economic troubles in preparation for a return to civilian rule.

The current military regime has promised that power will he transferred to civilians by July next year. During a visit to Geneva, Mr. Javier Silva Reute, the new Finance Mini-ster, who took over a year ago, said work on a constituent assembly was to be completed by early July of this year and that necessary legislation is currently being prepared to call elections

A 30-month economic development programme hegun in the middle of last year has brought unprecedented success, raising bopes Peru will be able to pull out of its galloping inflation and trade deficits. A massive effort is heing made to diversify the country's foreign trade and to increase exports. Private foreign investment is being

promote national policy goals. economic lisation.

"The actual regulations con-cerning foreign investment have not been altered much, but the manner of administering tham has changed significantly," Mr. Reule said.

The rules are being inter-preted in a more liberal man-ner, and foreign investors are no longer helng treated with suspicion. The aim is to reduce red tape to speed up implementation of investment projects and to allow investors to repairiate a slightly larger share of profits under certain conditions. conditions.

The minister was in Geneva to address a group of 70 leading Swiss banks and businessmen to explain Peru's economic development programme.

Mr Reute said the main inter-national trade problems facing Peru were falling raw materials prices combined with rising machinery and capital goods costs. This meant that export income tended to rise more slowly than the cost of

aspects of economic policies were mismanaged in the past, leading to industrial stagnation and inflation. The main needs now are to control inflation, reduce foreign cur-rency speculation, restore halance of payments equili-hrium and restructure external

debt.
The sectors that need the most help are agriculture, min-ing, fisheries, forestry and the processing industries. The new economic development pro-gramme has produced encouraging results so far. Inflation should be at a 40 per cent rate this year, almost half the 1978 rate. The trade account is likely to show a \$700m surplus this year compared with \$150m

One sign of successful performance is the 83 per cent seriod compared with prominer increase in 1978 of non-during the same period last traditional export items such year, and exports reached seriod last the same period last exports are expected to double this year to reach a value of year.

PERU IS cautiously lifting welcomed provided it helps to imports needed for industria- \$700m out of total exports

One of Peru's main aims in foreign trade is to reduce its dependence on the U.S. As a result it is trying to tighten trade links with Western Europe while increasing trade

with other developing countries. While foreign investors are not being given better treat-ment than that given to domestic enterprises, they are heing encouraged through nondiscriminatory treatment and incentives to transfer technology and develop export-oriented inoustries.

A report hy Peru's Central Reserve Bank says that the balance of payments showed a \$53m surplus during the first quarter of this year, while the surplus last year and deficits country's international reserves during the three previous years. during the same period last

Olympics deal

announced that it has been

selected to provide communica-tions services and equipment at

the 1979 Pan American Games and the 1980 Moscow Olympics. ITT World Communications.

subsidiary, has been selected

won by ITT NEW YORK — IT and T

### SHIPPING REPORT

## Concern over oil price increase

BY LYNTON MCLAIN

DEMAND for oil tankers rose a ton-cut operating margins demand and inquiry for tanker sharply last week ahead of the and brought forward the pros-oil price rises and the tanker pect of more older, inefficient market looked set for at least vessels being laid up. sbort term stability.

of ships' bunker fuel prices amid the prospect that cut-backs in the new International Maritime demand for oil would bit tanker operations.

Tanker owners only just covered their operating costs last last week, before the oil week despite the active demand exporters' decision to raise for vessels from oil companies, prices, was active. Oil companies Bunker fuel prices-at over £70 created an

the new Jaguar aircraft, which

BY OUR CALCUTTA CORRESPONDENT

There was slight optimism, But there was concern among bowever, that these influences hrokers about the rising hurden may be countered by the call for more tonnage complying with Consultative Organisation regulations.

> However, trading in tankers " explosion "

**Dunlop India to make Jaguar tyres** 

DUNLOP INDIA, the country's tion testing in Europe. Mr. ancient method of transport. A

pany's range of research and

A. W. G. Macintyre, the chair-new range of animal-drawn man said at the annual meeting. vehicle tyres would be intro-

tonnage to ship supplies ahead of any increase, said one broker. Rates for loading cargoes in the Gulf in June and July rose several points to over Wnrkd-

Trading out of West Africa and the Mediterranean was quiet and rates for large tankers fell. Demanud smaller vessels, however, was

maintained. In the Caribbean, demand for tankers of 40,000 tons was up of on the previous week.

Dunlop India's first factory

### as the official carrier of world-wide record communications services by the organising committee of the Panam Games to be held in Puerto Rico next July.

The company will provide communications services for the more than 500 news correspon-dents expected to attend the

### Aluminium venture formed

TOKYO — SEVEN companies from the U.S., Australia and Japan will set up a new com-pany in Australia late next month to start up a \$500m ainminium production project at Gladstone, Queensland, from 1982, Sumitomo Light Metal Industries said here yesterday.

A spokesman for Sumitomo, one of the Japanese partners. said the new company, Glad-stone Aluminium would be 30 per cent nwned by Comalco



# Who built a modern university to rub shoulders with a Norman Cathedral?

An architect must tread carefully designing buildings to live in the shadow of a cathedral which has dominated the scene for 800 years.

If the new University buildings at Durham had aped the Norman Cathedral, the result would have been a denial of function. If, on the other hand, they had been designed without thought for their glorious neighbour, the price would have been the degradation, by association, of a landmark of our building heritage.

The greater part of the new buildings at Durh, University have been built by John Laing.

They include departmental accommodation is Departments in the Faculties of Arts and Social Science the Engineering Science building, three colleges and Dunelm House. Several architectural partnerships have been involved. The result is a successful fusion of the old and the new which does not compromise the needs and techniques of today for the sake of compatibi-

Educational building is not a Laing 'speciality.' This advertisement could have featured Laing's unique experience of building today's cathedrals (Coventry, and the new Catholic Cathedral of Clifton, Bristol). Or docks in the Middle East. Or oil platforms for the middle of the ocean.

More than 20,000 people make Laing one of the biggest construction companies in the world. However, size alone is no virtue. At Laing our strength

lies not in our numbers, but in our expertise, and our understanding of how man can improve and not deteriorate his environment by construction. We say we make ideas take shape.

Perhaps we should qualify it, and say better ideas.

make ideas take shape

JPK 1615-01

BY PAUL TAYLOR

port later this month and barrassment recommend changes in National

The commission, set up by the dation, which will probably Labour Government in May 1976 concur with the Government's under the chairmanship of Sir thinking on NHS structure and Alec Merrison, Vice Chancellor of Bristol University, has The commission is likely to completed revision of the final reflect the comments made in draft of the report.

Amid mounting speculation about the contents of the draft, investigation that the bealth the commission said yesterday service lacks resources; but it chasing arrangements throughthat rumours that it would will also make the point that recommand the abolition of there is room for more efficient health service charges for prescriptions, dental treatment and spectacles, together with the is expected to recommend a continuing phasing-out of pri-simplication of the existing vate patients' pay beds in the three-tier administrative struc-NHS, "will bave to await com-

tainly deal with the more controversial areas of hesith service haslth service charges, it is Secretary, as would any more running down of pay be thought to adopt a non-political general recommendation that the report is published.

More Government attention Health Service organisation and is likely to be focused on the internal financial arrangements. commission's major recommen-

> many of the 2,000 submissions it has received during its use of existing resources.

In particular, the commission ture, involving abolition of at for Social Services in the least some of the area bealth Labour Government when the ment until publication." least some While the report will cer- authorities.

The authority wants the

The £35m was promised as

agreement with trade unions on

achieving 1,489 redundancies by June 30 this year.

The PLA bas agreed with its

nnions a second year plan in-

quarters until the confederation

he served at the Ministry of

THE ROYAL Commission on stance on these issues, which the administrative "tail" of the the health service is expected should not cause the Conserva- health service should be to publish its long-awaited retive Government too much emslimmed, with more power being devolved to the local district health authorities.

> On financing, the commission is not expected to recommend any major shift away from funding through general taxation, although it is likely it will suggest ways of improving weaknesses in the internal management of resources.

ambitions.

The occasion has been

excesses in public spending.

building closures, and the

He has paid 24-hour visits to

Glasgow, the North-East and North-West His stops included

as I can, so I bave filled the

couple of bours between dinner

and bedtime by coming here." he told a reporter, who suggested

National Enterprise Board.

The commission is thought to favour a tightening up of purcall for a further study on the criteria adopted by the resource allocation working party, which attempts to distribute resources equally throughout the regions.

ueal with the more consial areas of hesith service would bave the approval of Mr. like pay beds and service charges, it is to adopt a non-political

Mr. David Ennals, Secretary

# **Esso puts** 6p a gallon

ESSO HAS become the first oil company to put up prices in the wake of the Organisation of Petroleum Exporting Countries' price rise decision

At least two other major

now a Government priority.

This second year plan has But central to the plan for been formally agreed with six remain unaltered.

Havre and Cherbearg.

# gas heating

bave gas central heating in-stalled before oil price rises hit

likely demand would justify laying on supplies. Gas mains are being laid to many edge-of-town estates now

He was also one of the archi-Ha was a director of British Gas-fired central beating tects of the more embracing Overseas Fairs from the formal accounts for 92 per cent of systems now being installed.

trialists, union officials and for today has been cancelled. With delight that the two owners said local government representa- He left with mixed feelings and had been inspired to re-examine for longer tours during the dulge in impromptu dialogue with a senior Cabinet Minister Parliamentary summer recess. As he completed the tour he told me: "I have found a fairly about their areas' problems and

widespread assumption in the country that jobs come from the regional tour by Sir Keith Joseph, Industry Secretary, who Government—yet in precisely the same areas I've met impreshas been seeking the truth about industrial decline, potensive examples of the successful entrepreneur. When people irst tial entrepreneurial revival, and talk all their emphasis is about Government, Government, He announced in the Commons Government But in the diaa few weeks ago that be would make this tour before taking logue that follows there is a his initial broad decisions on ready ecceptance of the role in matters such as regional policy, the economy of the new and expanding business as well as selective industrial aid, sbip-

the preserved business."
Sir Keith's intense inquiring style when conducting meetings quite often pulls people out of their prepared speeches and breakfast with Cammell Laird into aome acceptance of his management and a visit to the ideas. In a manoer suitable to night shift at s Northern Engineering Industries' factory at
Newcastle-upon-Tyne. Days have
whenever possible of main suboften started at about 7 am and jects to be discussed. He then finished near midnight. launches into stacatto. but nished near midnight. launches into stacatto but "There are only 24 bours in elegantly polite, questioning as

a day and I want to see as much ideas strike him. At dinner with industrialists and naion leaders in Newcastle, he changed seats with his aides during the meal to more round the night shift visit was "a the dozen or so guests. At an gimmick" reminiscent of Sir electronics factory ha examined Keith's predecessor, Mr. in the minutest detail the manu-

FOR THE past three weeks, Anthony Wedgwood Benn. Bens facturing points of an electric how to "release entrepreneurial Agency with state cash to spend, leading figures in the other overall fise, and looked thoughtful talent" and ecknowledges that as the answer to their overall fise, and looked thoughtful talent" and ecknowledges that as the answer to their overall depressed regions of Britain in the middle of the night. have been exposed to a rare.

Sir Keith finished the tour make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough." No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough." No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough." No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough." No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough." No-one on There were also debates about make its own micro-chips in not be enough. "No-one on There were also debates about make its own micro-chips in not be enough." No-one on There were also debates about make its own micro-chips in not be enough. "No-one on Th

JOHN ELLIOTT SPENDS TWO DAYS WATCHING SIR KEITH JOSEPH AT WORK

6 No one on the Tory side imagined the tax cuts were a total answer 9

Northern Engineering Industries factory his faith in the potential of workers was restored when be met a re-trained miner doing an impressive semi-skilled job. But he carefully avoided questions about wbether the company's future was to be secured with major power

He feels, obviously sadly, that some areas of Britain do not show the same interest in small firms and enterprise. But, be told me: "I have seen some preneurs with all sizes of busi-

He constantly confronts those

BY LORNE BARLING

THE STRENGTH of sterling is

causing renewed anxiety over

margins and new orders among

exporters, particularly those selling in North America.

In industries, such as textiles,

where margins have already

been under pressure due to

international competition; there

But many companies, particu-

larly those exporting higher

valoe goods, think the strength

of sterling will create problems

only until the consequently

lower raw material costs work

Some companies still believe

their greatest obatacle is rapid

fluctuation of currencles, and

would welcome a stable sterling value, even a high one.

Carpet and pottery manufac-

is serious concern.

through the economy

suffered badly.

Government guru seeks industrial truth

"There must also be a curb-

regulations - for example, intensive employment. through the Employment Proning regulations, and maybe tha too. All these are indispensable measures, but there may be overkill in their design or application. So, after the tax, we must prune this overkill and

and releasing other entrepreneurial talent that is potenthat if you don't give people tially around." Ideas Sir Keith things, you're an angel of discussed in the North-East death." included easing the way for On his next tours he wants to university, polytechnic and technical college staff to become

Courtaulds, which recently

would have been £20m higher

Other sectors seen as parti-

cularly vulnerable to exchange

rate problems are clothing, foot-

wear, consumer electronics and

Strength of sterling

worries exporters

Inevitably, Sir Keith has been tection Act, building and plan- criticised on his four and has sometimes been less than tacthealth and safety regulations ful. For example, he told pickets facing a factory closure in Scotland that 90,000 people changed their jobs every week in the UK and offered to send them details in the post. After also encourage innovation visiting Civdeside's Govan ship-through our public purchasing yard, which faces the risk of policies."

While such initiatives should "Angel of Death" in the encourage existing businessmen, Commons. To that, he there would still be the more answers: "It's more a case of difficult problem of "uncovering being a putative Santa Claus." the other side of that coin is

meet unemployed people. haven't been in an employment part-time local businessmen. He exchange yet. I haven't met talked about the possible need people acanning the boards, but for more local merchant bank. I will." When he does, the ing facilities and whether local people will be met with the councils should be able to pro-same impetuous desire to ask vide extensive risk capital to the unexpected question—as people will be met with the told me: "I have seen some tremarkable operations of all small firms. He also discussed happened when sizes and met some thriving means of coping with youth errived at a beautiful small sizes and met some thriving means of coping with youth errived at a beautiful small sizes and met some thriving means of coping with youth errived at a beautiful small sizes and met some thriving means of coping with youth errived at a beautiful small sizes and met some thriving means of coping with youth errived at a beautiful small sizes and met some thriving means of coping with youth errived at a beautiful small firms. shipbuilding was in everyone's Washington New Town and mind, but Sir Keith gave little asked the warden: "Tell me, He constantly confronts those hope to those who argued for how do the birds know it is be meets with the question of a new North-East Development sanctuary?"

"It is price sensitive products.

most under these conditions."

He pointed out that West

The sectors of British industry considered least likely

to be affected by aterling are

heavy engineering and capital

goods, international construc-

tion, and consultancy services.

# Ministers study PLA plea

BY LYNTON McLAINE AND NICK GARNETT

CALL for a Governmentfunded rescue package for the Government to write off at least insolvent Port of London will be part of the PLA capital debt considered by Ministers this of £110m, to pay £35m for manweek. The move bas been power cuts already partially heralded as a test case of achieved, and to make a further the Government's approach to £10m available to fund this declining industries in need of year's Upper Docks losses.

central to the port's five-year corporate plan for survival, which was sent to Mr. Norman Fowlar, Transport Minister, on

The plan includes a proposal for the port to shed financial responsibility for the lossmaking Upper Docks, while re-taining a minimum force of corporating a target for redun-dancles during 1979-80 of up to 1,200 employees. This figure

secretary, who has been asked indirectly in the plan to absorb the Upper Docks into a proposed new planning authority for revitalising dockland in East London. Mr. Foundations of the same agreement for the week that providing a transport unions to continue reviewing infrastructure for the area is working practices with the PLA

a move to commercial viability of the PLA's aeven big unions. of the port-which lost over The Stevedores and Dockers £17m last year-is a funda- Union withdrew from the talks mental restructuring of its in a dispute over severance payfinance.

OBITUARY.

# on four-star

Esso's increases, in force from today, are likely to mean an average increase of 6p a gallon for four-star petrol (including Value Added Tas) at the pump, reflecting 2 5p 2 gallon increase in the whole-sale price. The whole-sale prices of beating and fuel sils will go up by 5.7p to 5.9p a gallon

oil companies are expected to follow suit later this week. Esso said at the weekend that the rises reflect the significant npward movement in crude oil prices since May 25, when Esso last raised its across-thebarrel prices.

Townsend Thoresen, the ferry company, said yesterday it is introducing surcbarges on vehicle fares for Continental rontes due to escalating fuel costs. Surcharges will apply on bookings accepted on and after July 7, 1979. Fares for passengers, coaches and solo motor cycles

Increases on brochure prices for each crossing are 52 per vehicle on Dover services to Calais and Zecbrugee and £4 on other rontes-Felizstowe Rotterdam (Enropoort) and Zeehrnege and Ports month/Sonthampton to Le

# Scramble for

PEOPLE ARE "scrambling" to next winter's bills, the Gas Council said yesterday.

Areas which do not bave gas are being surveyed to see if the

without gas. These were often trialists into discussions at Production before becoming an built in the 1950s and 1960s when there was a vogue for allelectric bomes.

# Pressure on Tories to tighten controls on tobacco adverts

BY PAUL TAYLOR

TIGHTER RESTRICTIONS on month published a report call tobacco advertisements are to be ing for tighter cootrols over sought by the Government when t' starts negotiations with tobacco companies on a renewed later this year.

The present agreement, which advertising and bans cigarettes advertisements on television.

coming under increasing pressure to tighten up this voluntary code. Last week delegates to the British Medical Association's annual representative meeting in Liverpool called on the Government to take urgent action aimed at curbing smoking and drink-

Delegates agreed a seven-point a call for tighter controls over necessary.

Health Organisation, which last advertisements,

**Construction industry** 

'needs hard marketing'

THE CONSTRUCTION industry less than 1 per cent per annum should take urgent action to can only mean that the con-

stimulate demand for its pro- struction industry will account

Such arguments are likely to find favour with Mr. Patrick voluntary advertising agreement Jenkin, Social Services Secre-The tobacco industry says ends in March, includes restric-tions on the style of tobacco tion between tobacco advertise-

tobacco advertisements.

ments and overall tobacco con sumption and, therefore, that However, the Government is further restrictions on advertising are unnecessary. Nevertheless, Sir George Young, Parliamentary Under-

Secretary of State at the Health Department, at a conference in Stockholm, said he totally rejected this argument. While the Government would

prefer to see the voluntary code strengthened it is also thought plan which specifically included to be prepared to legislate if

vision, which are not covered tions are further restrictions on The association's hard-line approach to tobacco advertising follows a call from the World on cigarette psckets and in

recover slowly during the next

than that for new work.

New London

houses reach

Financial Times Reporter

The firm's quarterly survey of

says: "There are now several

and Pariners.

### MPs in call | Poor UK productivity for citizens' band radio

THE GOVERNMENT is coming nnder renewed pressure to allocate s waveband for twoway radio sets used by the public.

A bsck-bench committee, repre-

senting both parties, is boping to meet Mr. William Whitelaw, the Home Secretsry, shortly to radio.

The idea has so far been ducts and services in the face for a deciming product, a sible ond possible criminal use of a decade of slow growth, says the gross national product, a sible ond possible criminal use an Institute of Marketing fact that bodes ill for the future of the airwaves and radio interindustrial capacity of this ference if too many private acts were operated.

The institute's Construction country," says the group's Industry Marketing Group has report.

prepared a 10-year forecast on the sector's prospects. According to the group, the construction industry abould adopt measures which raise Book sales record

BOOK PUBLISHING sales topped a record £500m last year. demand. The forecasts suggest despite a fall in export sales. that public sector bousing out-put will remain low, while private sector activity should Exports, which have steadily declined as a proportion of total sales since 1974 when they reached 42.4 per cent, were 36.1 per cent of tha total last decade. The upturo is likely to be at a higher rate in the year. But the figurea under-state the real performance of British publishing abroad since first five years. Repair and maintenance work is expacted to boom showing a growth rate more than eight times higher than that for the state of the many bigger publishers have launched foreign subsidiaries, according to a survey of 165 book companies by Jordans.

Book Publishing. Jordans, Jordan House, Brunswick Place, London N1 6EE.

Think-tank' move AIMS For Freedom and Enter-prise, tha free enterprise propagandist organisation, is to set up its own "think tank," con-sisting of industrialists, economists, and academics, as £100,000 level part of a new campaign. Operation-Expansion Britain. Its members will initiate "ideas for the Government, industry, THE ERA of the £100,000 and the trade unions to get speculatively built bouse has arrived in London, according Britain moving."

The two members announced to estate agent Bernard Thorpe so far are Mr. Martin Grafton, retired director-general of the National Federation of Building property treods published today Trades Employers, and Profes-sor Donald Denman, former professor of Land Economy at developments on the edge of the Greater London beit where Cambridge University.

Fringe benefits

this extremely high figure is now being paid." First-time home buyers are finding it almost impossible to obtain FRINGE BENEFITS for staffs are estimated at a third of their annual salary, according to a survey prepared by the Statistical Services Division of the Alfred Marks Bureau. It was compiled from a sample of more more than 80,000 people.

### some light engineering products. According to Lord Limerick. Trade, has repeatedly told comchairman of the British Over- panies that North See oil will seas Trade Board, UK wage incanse sterling to remain strong turers, with large export fistion and its effect on costs for some time to come and that markets in North America, bave are as important as sterling's the Government is unlikely to try lowering its value artificially.

estimated that last year's profits not quality goods, which suffer

but for the disparity between he said, urging companies to up-

Because of the weakness of Germany bad proved over a

the U.S. dollar, American tex-number of years that exports

also bave the advantage of strong currency, as long as cheaper feedstocks, are now quality, design and delivery very competitive in European were assured.

tile and fibre producers, which need not be inhibited by

costs and exchange rate move grade their products.

ments, is facing new problems. He pointed out that

witnessed by the fact that in the tiveness decade to 1977 Britain'a productivity growth was below that apply, however, right across of any other major manufacturing history. The ing country except the U.S.—will paper draws attention to the ing country except the U.S.—will be the main topic for discussion press the claims of citizens' band at a National Economic Development Council meeting on Wed-

nesday. A paper to be submitted by Mr. Geoffrey Chandler, director geoeral of the National Economic Development Office, will give Ministers an opportunity to approach the subject with union members of NEDC, perhaps opening the way for more specific discussion at a later

The TUC obviously has to tread warily on the subject with its members, although there is agreement that productivity is too low. The paper covers manufactur-

ing productivity, emphasising that there is no single cause for sign, insumcient marketing and two unemployed for industrial relations the sort vacancy being registered, to of non-price factors frequently that of one unemployed for identified in the sector working every face notified vacancies.

# main topic at NEDC BRITAIN'a POOR productivity- parties as a barrier to competi-

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

Poor productivity does not fact that performance varies widely between companies in the same sector, with those at the top end being the equal of in the world.
This offers most hope for

those making efforts to improve the performance of companies lower down the scale.

The council will also be given an updated report on skill shortages in the engineering industry. A joint NEDO/

Manpower Services Commission report points out that the shortage is not a problem throughout the industry, but many engineering companies are finding it

difficult to recruit sufficient skilled manpower.

While the number of unempleyed has changed little, the paper gives an example of British industry's poor record toolmakers in the South East,
The problems include short where the position has changed production runs, inadequate de over three years from that of sign, insufficient marketing and two unemployed for every

### 'Oil revenues could cut public sector borrowing'

BY PETER RIDDELL ECONOMICS CORRESPONDENT

ment patterns, according to City stockbrokers L. Messel and Co. In the firm's financial analysis it is argued that an essential

pre-condition for these changes is that the tax revenues from North Sea oil are used to reduce borrowing rather than for someother purpose.

"The Government could publicly state its commitment to this objective by announcing a medium-term financial plan with targets for public sector.

THE RAPID build-up of North . This would make it possible Sea tax revenues over the next for public sector borrowing to few years makes possible a be cut from £9.2bg in 1978-79 substantial reduction in public to £3.1bn in 1983-84 without sector borrowing and a transing the next fax burden for public sector borrowing and a transing the next fax burden. as long as a firm grip is maintained on public expenditure

This shift would allow the rate of growth of the money supply to be lowered to 5 per cent in 1983-84, consistent with the goal of bringing inflation down to 5 per cent by 1983

At the same time inflows into pension funds and insurance companies may rise from £3.3bn in 1978-79 to nearly £14bn by 1983-84. "With the supply of gilt-edged stock choked off. borrowing and money supply radical adjustment of invest-growth over the next five years. ment patterns would be inevit-The brokers estimate that able. New issues of debentures North Sea tax revenues could and loan stocks would revive, rise, on plausible assumptions while outward portfolio investabout prices and production, ment could be substantial from roughly £500m in 1978-70, following the easing of ex-to £6.1bn in 1983-84.

### NEWS ANALYSIS — IRON AND STEEL FOUNDERS

# No time for taking a relaxed view

THE IRON and steel founders strongest warning yet, from a 100,000. Proposals for a Gov-

ments.

Sir Norman Kipping

SIR NORMAN KIPFING, former Confederation of British Indus-director-general of the Federatry, and be remained in charge

tion of British Industry, bas at the Tethiil Street head-

died, aged 78.

As the chief executive of the federation from 1946-65 Sir replace the FBI.

Norman was a leading policy—Sir Norman'a business career maker in the regeneration of began as a graduate engineer British industry in the post-war with the International Western

years. As controls were relin- Electric Company. Later he

quisbed and dialogues went into management with developed between the FBI, the Standard Telephones and

government, and the unions, be Cables. During the 1939-45 war

Whitehall and 10 Downing under-secretary at the Board of

employers' organisation, the tion of the company in 1953.

Trade.

are living proof that the threat leader of the industry.

ernment-assisted rescue scheme of imminent execution sharpens

More foundries would be are likely to be made by the the mind wonderfully. For years the industry has

led many delegations of ludus-

been taking a relaxed view of its foture as the demand for castings declined steadily. Managers comforted themsalves with notions about sbort-term market cycles and their ability to survive such set-backs. They believed that the British automotive industry—its biggest customer for castings-must one day achiava a spectacular revival in output. Also, that if more foundries fail "It will be the chap down the road, not me."

But now the founders are losinf their faith in a revival in demand for automotive parts, and are becoming less certain of their individual abilities to

They are, now, ahowing a willingness to analyse facta and forecasts and they do not like development committee ("little what they find. Confidence in neddy") of the National Econois alive with crisis plans, discussions about the prospects for rescues, and rumours of impend-

ing foundry closures. Mr. Derek Farrant, a director capacity, the workforce will of the Council of Ironfoundry have to be cut by about 25,000 Mr. Derek Farrant, a director Associations, has given the over the next few years to under 260 to 170 during the 20 years.

attempting to survive they will ing in imports of castings, indulge in the "founder's folly" However, the demand fore-of price cutting. Better by far casts look gloomy for both Iron to make a solemn appraisal of and steel castings. The forecast prospects now while there are now circulating in the industry still some assets."

squeeze. The Council of Iron-foundry Associations is urging all members to put an appraisal of prospects at the head of its next Board meeting agenda. The council is not alone in injecting a sense of urgency into considering the atate of the

industry. A consultants' report for the foundries economic continuing to fall dramatically.

If foundries are to be closed on a scale sufficient to balance

Among the medium-sized iron estimated future demand with

forced out of business by market foundry companies when the pressures, be told the British foundries "little neddy" meets institute of Foundrymen con- on July 25. Initial opposition ference which ended at the is certain from the uniona who weekend. The danger was that will want to be sure, before they might drag others down agreeing to a closures prowith them.

"They will do this because in it is not just a recipe for suckattempting to surgice they will be in imports of extinge.

Small foundries are going to from castings will fall by a be particularly vulnerable to a further 300,000 tonnas by the mid-1980s to a level of only 2.4m tonnes a year. The steel foundries deal with much lower tonnage figures but they also foresee continued stagnation at best. or a further declina in demand at worst

The number of big foundries handling castings in Britain profitably. Such small busihas increased modestly during the last 20 years from 60 to 71. what they find. Confidence in neddy") of the National Econofuture growth bas virtually disappeared and the industry that the numbers of small fourthat the numbers of small fourdries and their tonnages are grown from just under 2m continuing to fall dramatically. tonnes a year in 1957 to just

1.1m tonnes a year to 700,000 tonnes a year. The tonnage handled by the small foundries of under 2,000

look rsises "some alarm."

"An overall growth rate of

tonnes annual capacity bas fallen hy more than ball during the 20 years and stands at 350,000 tonnes a year. The number of those small foundries has fallen from 1,400 to fewer than 500. The industry view is that there is at best a limited future

foundries and the contribution they undouotedly make in local industrial activity in such areas as the Midlands and Sheffield Among the medium-sized iron will have to be taken into foundries, handling between account whan "broad-brush' 2.000 and 10.000 tonnea a year. schemes for rationalising the number has dwindled from foundry output in Britain are

On employment and productivity, the forecasts state that Their tannage bas fallen from increased mechanism and offsite prefabrications should im-prove the industry's productivity a frend likely to be enhanced by the lack of skilled labour.

for the small foundries, and that, if left to their own derices, they could disappear by the late 1980s. But the studies being appraised by the industry and the industry-government lovestigators indicate that the position is complicated. It appears that some small foundries which are below the minimum size generally regarded as viable are operating both efficiently and nesses survive by knowing their costs, knowing their markets, and delivering promptly.

hoges in any of Loodon's 32 The special position of such The survey shows that land

prices across the country are still rising rapidly, although much of the steam is likely to go out of the housing market than 300 companies employing as a result of the Budget proposals." The firm forecasts that mortgage rates will soon rise £30. Statistical Services Division, again, possibly to 121 per cent. Alfred Marks Bureau.

# . ENERGY vet the backing

WORLD BANK setting of the executive agency for the Initial Nations. Development Programme. (UNDP) has appointed Sir William Halerow and Partners. The consulting engineers and architects, as principal compiliants on an 18-month public to test and demonstrate appaired so lest and demonstrate appaired so test and demonstrate appaired so test and demonstrate appaired by the programme of the program Hairrow will carry out the project in association with the intermediate Technology Development Group (ITDG) of anical linkages.

London which has been in the Consultants will forefront of diametr, and action subarthermal systems. directed towards the promotion of technologies appropriate to the technologies appropriate to the technologies of the developing

tered Section

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ctivity

management advisory group; arrangements have been made mobilise - the 'advice and facilities of British universities, organisations, and individuals with specialised experience in solar-powered pumping technologies to assist the project team in their month. team in their work

An integral part of the pro- months work. But after the ject is the active participation first evaluation another two or of higher tachnical organisa more years work will be tions or research institutions in required to select equipment the developing countries. At and processes, present India. Mali, the Philippines and the Sadan have agreed yard House, 44 Brook Green, to host the project. London W6 7BY. 01-603 3377. to most the project.

Objectives of the present project are to demonstrate the practical application of solar praestes application of solar energy fechnology and com-popents for small-scale irriga-tion compring in developing countries; and determine the feasibility of the manufacture of suitable solar powered pumping systems or components in developing countries.

Ber concentrating on smallscile systems, it is planned to mentify equipment appropriate to the needs of the millions of family farms and smallholdings in developing countries. After appraising the present state of solar powered pumping tech-mology, the consultants will arrange for approved systems to seas in typical environments.

Concurrent with overseas field trials, various systems and components will also be subjected to a programme of controlled-testing in suitable laboratories, to check the durability and performance of vital units such as solar collectors, pumps, electrical components and mech-

Consultants will evaluate both solar-thermal systems, which utilise the sun's heat to power a small engine which in turn drives a pump, and also photosocial needs of the developing voltaic systems incorporating world.

The project team has been into electrical power for driving formed jointly from the staff of a pump. Both types have fialtrow, and JTDG through a advantages and disadvantages management, advisory group, and these studies will be needed. and these studies will be needed to determine whether one system bas, on balance, an overall advantage and where further development work is needed to improve existing systems.

Immediate value of the project to Halcrow is put at \$400,000, covering the first 18

Sir William Halcrow, Vine-

# Exxon claim query

A . ChAIM made - by - Exxon semiconductor switching devices first announcement (in May), of systems have become viable. the proposed takeover by Exxon the proposed takeover by Exxon Brentford technical director Corporation of Relfance Electric Mr. M. Fry points out that in in the U.S.—that a break any case the energy saving through had been made which comes in terms of how the syswould allow induction motors to tem is applied rather than in be run at variable frequency, the system itself.

and therefore speed saving For example in changing the and therefore speed saving For example, in changing the perhaps a million barrels of oil, pumping rate of fluids in pipes, a day in the 1990s—had been large a.c. motors are used and questioned by a British coming the absence of modern company, Brentford Electric which trols the flow itself is throttled points out that it has been mechanically, the pump and making such equipment for motor continuing to run at nor-

An equipment was denon being dissipated as heat strated by Brentford at its Much of the work in this area Crawley plant in February, 1977 als now in terms of faster acting

such as the thyristor that such Brentford technical director

and the company is convinced that the principles and switching excults that deal with
advantages are the same as the generation of variable frethose referred to by Exxon six quency are Higher motor
weeks ago. It has in fact just speeds can then be produced
despatched such equipment to so that some of the very high
Zambla for efficient close speed applications in textiles
control of copper mine belts and machine tools will then
It has been possible but not
necessarily practical and
necessarily practical and
necessarily practical and
economical to rectify mains are
to direct current and use this devices. Brentford experts to
to generate a variable are to soon be able to consider systhe company is con semiconductor devices in the

to generate a variable a.c. to soon be able to consider assum an induction motor, for tens at up to 60,000 rpm many years.

Brentford is at Manor Royal,
It is only with the advent of Crawley RH10 207, 0293 27755.

### Safer switch outlet

These units are produced in 16 and 32 amp ratings in three.

It can make

difference

pay in mileage. In attracting new staff, in retaining old, a company car can make a lor of difference. Staff

prefer a company car to mileage payments. There are no servicing and maintenance, worries for

them, no replacement costs, no financial and tax problems.

In fact, nothing to distract them from their real job of working

for you.

And your costs, when Polar Contract Motoring supplies four fleet, will probably be less than you may currently pay in mileage.

All this, without setting up

your own transport department Polar runs, things for you without tying up any capital. For full information, confidence, ving a Director.

Ron Williams 01-551 0239. Telex 895 1330, 49, Woodford Ave.

liford, Essex IG2-6XO.

POLAR

lan Arnott 061-477 1333:

all the

ALL BRUTISH—in design and four and five-pin arrangements manufacture—is an interlocked for 110-130 volt, 220-240 volt and switch socket putlet unit which. 380-415 volt supplies with colonr switch socker butter that which is coded hinged socker cover flaps metal-clad one made it present in yellow, blue and red, respecting the UK.

These units are produced in ducts. Argall Avenue, London, E10 (01-539 0233).

The switch is mechanically interlocked with the socket and cannot be switched on until the correct plug is inserted; when the switch is on the plug cannot be withdrawn until the switch is returned to the off position, thus ensuring that it cannot be withdrawn on load.

# • SERVICES Advice on

maps and their use

FERRANTI Cetec Graphics can offer a comprenhensive cartographic consultancy service to project directors in mapping organisations, hydrographic and cadastral survey propries as well as control and agencies, as well as central and lucal government planning

departments.
The service aims to help the project director establish the feasibility and economic viability of introducing an automated cartographic system into his field of operation. Con-sultancy by an experienced pro-fessional organisation con-siderably reduces the need for an initial internal evaluation, and identifies the shortcomings as well as the benefits of an automated system to the indivi dual client. A subsequent feasibility study would then assist the project director in analysing his particular require-ments and providing the best

ments and providing the best solution to meet those requirements within a predictable timestale.

Further from Antomated Cartography Department, Ferranti Cetet Graphics, Ferry Road, Edinburgh, EBS 2XS, 031-243-2171.

• ACCOUNTING

### Watches how the pints are going down

PUBLIC-HOUSE stocktaking stocktaker is able to see on his will never be the same again screen the essential details of with the introduction of the first "computer in a briefcase" developed jointly by Data Logic and Allied Breweries. Microframe 1 weigha only 10 kilos but is a complete com-

of the pub. puter with a processor, fourinch video display unit, keyboard, floppy disc and printer.

Three test models are being put through their pares before each of the six Allied beer eMATERIALS division companies operating managed pubs—Ind Coope, Ind Coope West, Ind Coope Scotland, Ansells, Josbua Tetley and opportunity to order production boon in models. Together these com-panies control some 2.250 the oven managed pubs throughout the

Data Logic will be marketing the new system for other applications with a typical cost in the region of £3,000 per unit for bulk ordera. Orders have already been taken for Microframe variants and a development royalty will be paid to Allied Breweries on each Microframe sold. . .

has to read through sheafs of written material-plus a floppy teristics disc containing the equivalent of 20 pages of typewritten notes.

At the touch of a button the reactions

the last stock-cbeck, the amount of beers, wines, spirite, drinks and tobacco ordered 'To ensure that it is to the since then, the length of time right position to stay in all segments of the heating, ventilating refrigeration and likely to last . . . and a figure ing, vending, refrigeration and relating to the gross profitability automotive controls OEM mar-

Data Logic, 29 Marylebone Read, London, N.W.1. 01-486

# **Bowater**

informs Bowater, French Street. (09327 85272; which has already made a considerable impact in the U.S. for catering disposables for wave ovens.

Containers made of the poly-It offers a number of ester lined board have also advantages over the present heen used successfully in conmethods where the stocktaker ventional gas and electric installations, says the company, because of their energy usage sales and stock data. Instead because of their energy usage he will have the minimum of and good handling charac-

> testing presently:

**6** ELECTRONICS

# Ranco buys into technology

has bad to come to terms with the impact of electronics on its

kets Ranco, the \$142m turnover U.S. based multinational bas just made acquisitions on both sides of the Atlantic: Teccor of Dallas, Texas, which makes power semiconductors and controls, and Tervin Development Company of Pangbourne, Berks, which designs and manufac-

tures electronic controls. These companies are now being integrated with Ranco's other activities in the U.S., UK (in Plymouth and Wales where 1,500 people are employed) and in Germany, Italy, Spain and France.

the group makes 75,000 conrange of foil, board and paper trols a day (over half of them products, is "overable" board, in Plymouth) but on the sensor and iotelligent control side of the market has met with increasing demands to supply electronics based products.

In the sensing field attantion domestic and commercial microwhat conservative market) from purely mechanical (bi-metals for exemple) through hybrid systems to solid state (thermistors). power switching bas shifted from relays to triacs and power diodes, while in data manipulation (itself a recent concept in this kind of control) technologies have graduated Seven different profiles are from discrete components to

market very large scale integration. in the production of mechani-

logies will endure, albeit surrounded by electronic controls. of operating temperature.

In its new form, Ranco plans to succeed in all these areas together with new ones such as Measures engine control.

More from Southway Drive. Plymouth, PL6 6QT (0752

### Extracts or adds heat

SOLID STATE thermoelectric devices based on the Peltier effect, made by Marlow Industrias Inc. of Texas, are available from The Hymatic Engineering Company. Glover Street, Redditch, Wores, B98 7BQ (Red-ditch 339622).

Described as "thermoelectric heat pumps," the devices range in size from about 4 mm square up to several square centimetres and can cope with heat loads from a few milliwatts up to 100 watts. A single stage device will produce a temperature difference between opposite faces of up to 45 degrees C. while multistage units will produce even greater beating or

Control is also possible: a thermistor cao be mounted on the controlled side of the "pump" to provide temperature feedback data. Then, via a control circuit positive stabilism tion can be achieved by alternate switching of the supply polarity. Originally used in space and

YET ANOTHER company with cal action however (valve operamilitary applications, these an established background in tion for example) electro-mechanical engineering mechanical and similar technotion wherever performance is dependent upon accurate control

# thin films

A CHOPPED light source and photodetector device developed receiver and focused on the by Scientific Products, Easthaatb detector. Synchronous amplifimonitor the growth of thin films from other light sources, and a during deposition in vacuum.

The 80 Hz modulated beam chamber and is reflected from, glass upon which evaporation scale.

is part of\_ Norwest Holst total capability

Civil

Engineering

is taking place. The resulting signal is passed through a narrow band filter in the Avenue, Wokingham, Berks cation with the transmitted RG11 2PW (0734 787348) can signal ellminates interference

chart recorder reads the growth, Five scale expansions are is projected into the vacuum provided for accurate measurement of small changes in the or passes through, a monitor range. 80 to 100 per cent full

### • PROCESSES

### Water does the work

in food, brewing, soft drinks, process, chemical and paint industries, available from Tofte and Jorgensen UK, 64a High Street, Thornton Heath, Surrey (01 689 2828), are joined by a mini-macbine, the Mighty Midget.

This measures 90mm x 35mm. weighs 350 grammes, and has been introduced for cleaning smaller containers.

It works on the reactionary jet principle, the impact of the rotating spray cleans parts of

would otherwise be inaccessible -the machine can pass readily through the 11 incb bung hole of a keg or barrel,

Only moving parts are nine stainless steel ball bearings and the head which the bearings support. Operating within the 20-60 psi range, the machine will spray water/detergent at up to 100 degrees C, delivering 30 litres per minute at 50 psi to i clean vessels measuring four feet by four feet (about 300

Whenwe extended Gatwick, some new buildings were added.



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Airports

# Fairclough homes in Manchester

tracts worth £5.2m including three major council house modernisetion schemes in the Man-

Biggest contract worth £1.8m ie for the modernisation of 350. council homes at White Moss, Charleston, Manchester. Under another contract for Manchester City Council—value £800,000— the division will modernise 160 council homes in Blackley.

At Dukinfield, Cheshire, work has begun on improvements to 130 local authority bomes on the Thorncliffe Estate, under a £900,000 contract for Tameside

The division is also building four-storey bedroom block at Post House botel at Hsydock. for Trust Houses Forte Hotels. Architect for the project, cost-ing £1.6m. is James A. Reberts Associates of Birmingham.

In the meantime, Fairclough offering ready-to-occupy hotel bedroom extensions complate with bathrooms en suite and all services, furniturs and

FAIRCLOUGH Building, North fittings, under its "Add-a-Blec" Western Division, has won consystem.

-Fairclough quotes an average of 26 weeks for a two-storey, 24room block.

The design does not incorporete any

The first such unit bas just opsned at the George Hotel, Swaffham, Norfolk, The 16bedroom, two storey, extension was built by the East Anglian Division of Fairclough Bullding for Grand Metropoliten County Hotels in only 23 working weeks, despite the appalling winter weather during much of

### Laing wins five large awards

Glasgow, is to start this month under a £4.5m contract awarded to Laing Scotland. The four-storey huilding will be stripped out and refitted to provide mndern, fully air-conditioned offices. By infilling the existing light well, the usable snace within the building will be increased by almost 30 per cent.

Hnusing contracts worth e total of more than £3m, to provide homes in Plymouth. Devon and Newport, Gwent, have been awsided to the company's south

west region office.
In Spain, Laing SA is build-ing four schools for a total of more than 3,000 pupils under two separate contracts, together valued at \$1.8m, awarded by the Spanish Ministry of Education

by fire in May, ere the subject of a £1.3m contract which was

COMPANY NOTICES

Government of Southern

Rhodesia 4, Per Cent Stock 1987/92

Standard Chartered Bank Limited and B. C. J. Richards, F. C. M. G., state that an

amount due to them, in their

amount due to them, in their capacity as Trustees of the Sinking Fund of 'the above-mentioned Stock, in respect of the annual Sinking Fund contribution bas not been received. The terms of issue

provide for an annual pay-ment hefore the close of the

Southern Rhodeslan financisl

year on the 30th June.

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NOTICE IS HEREBY GIVEN that the report and accounts of the captioned company for the six months period anding March 31, 1070, are available to the shireholders at the office of Morgas Guaranty Trust Cy of New York in:

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revolutionary methods, but simply applies proven building techniques to well-tried hotel layouts, in a wsy that minimises site construction tima end problems, and subsequent maintenanca and running costs.

MODERNISATION OF South of awarded soon after the blaze bad Scotland's Electricity Board occurred and the company maio headquarters in Cathcart, started work on clearing the debris within days. work is for new elderly per-sons flats and pre-war house

# Tawse takes

partment has awarded a contract valued st £3.95m to William Tawse, civil engineering con-tractors, of Aberdeen, for the construction of 6 km of dual carriagewsy road between Tore and Charleston on the Black Isle, Ross-shire.

This section takes the new Repairs and improvements to A9 road from the northern end Repairs and improvements of Ressock Bridge towards the Manchester Woolworth of Ressock Bridge towards the store which was badiy damsged Cromarty Firth. Work hes store which was badiy damsged cromarty firth. Work hes store which was the subject started and its scheduled for completion in two years.

# £40m tower plan for Abu Dhabi

THE NEXT stages of the designs, by competition, for a design and construction of the tourist tower to be built some proposed Abu Dhabi Tourist Tower have been discussed in Abu Dhahi hetween officials of the Public Works Department and representatives of the successful group chosen to implement, design and supervise construction.

Covell Matthews Partnership International (architects and planning consultants); Freeman Fox International (structural and civil engineers); and Guthrie and Partners (quantity surveyors), form thie group.

Works invited

facilities and ship guidanes installations. -

Covell Matthews, in its snccessful design, proposed a 210metre-high tower surmounted by an aerial which will bring the overall beight to 255 metres. When constructed, the tower will be one of the highest man-

made structures in the world. Building time is put at about two and a half years and the cost at between £30m and In March, 1978, the Minleter £40m. Target date for completion is 1982-83.

### Dock study in Libya

OFFSHORE SITE investigations for marine works at Ras Lannf in Libya is to be carried out by Raymond International.

A jackup platform is being brought in from the United

States to carry out the work, which will be under the direction of consulting engineers Rendell Palmer and Tritton. Raymond test-boring crews bave been located in the Middle

East for several years and the group has done a great deal of investigative work for founda-tion construction on land at Ras Lanuf, where it co-ordinated the work of a multi-national team.

with international reputations in geotechnical engineering and in topographical surveying

Ras Listuf iles on the Mediterranean, west of Benghazi, on the site of the "Marble Arch" sir field of the Second World War. Until recently desert country, it is planned for development as a new township based on an ethylene complex and petro-chemical refinery to be built by the National Oil Corporation of Libya.

Consultants for the project are Stone and Webster Engineering.

### lebris within days. In Carliste film worth of Reservoir in Nigeria

The Ogun Oshun River Bssin Development Anthority has awarded the work which is being financed by loans totalling \$75m provided by a group of internstionsl banks.

These loans include a major element of ECGD guarantesd finance primsrily in support of the UK exports involved in the

At home, the Scottish division of Wimpey Asphalt has won a contract valued at approximately .5m from the British Airports Authority for the resurfacing of the main runway at Edinburgh Airport. Work is due to be completed

by November 30 this year.

Further south, work has recently started by Wimpey recently started on a contract Nigeria is for the construction awarded by the Co-operative of a 270m cubic metre reservoir. Wholesale Society for a regional distribution centre at Birtley, Co. Durbam, valued at approximately £2,6m.

> The project consists of walls with Forticrete blockwork.

Witham office of Wimpey baswon two contracts jointly valued in excess of £1.5m. Largest of thesa is for £1.4m for the fitting out and internal structuring of an existing 12 storey office block st Westgate House, Harlow, for RHM Management Services, a A warehouse at British units a subsidiary of Rank Hovis Wharf, Lewisham, for London Stores. McDougal,

The company has also been awarded a second contract for building work for Sedgewick Forbes Holdings, at Mayland

### IN BRIEF

• Ford main dealer and distributor, Harold Perry Motors, bas warded Bovis Construction a second building contract, valued at £816,000, for the erection of commercial vehicle workshops, body and paint shops, and offices at Clarke Road, Milton

on Humber Bridge was finished last week, except for the extra suspension bridge. Preparations

Booker McConnell, the engineering, food processing and shipping conglomerate; has awarded a contract worth £410,000 to Myton to renovate cladding system. in November lts London hes dous rters. These occupy 16,000 squere metres in Bucklersbury House, Cannon Street, and the renovation includes the installation of new services, officee, dining rooms and reception sreas, as well as the addition of a new staircase to link two floors. The architects

Wsiter . Lawrence (East Anglia) has been awarded a £280,000 contract to modernise 60 USAF bouses at RAF Laken-

Henry Boot Construction bas been awarded a management fee contract for extensive refurbishment at the Archltectural Association's premises in Bedford Squere, London.

and Son (Northern). One is for sn advance factory at Deesside Industrial Park, Shotton, for the Welsh Development Agency. At Wigan, McAlpine is to carry out Associated Dairies Group of Leeds.

Avon - Rubber Company (Bridgend) bas established its own contracting and civil engineering department for its range of multipurpose synthetic sports surisces—and has won several new orders as a result

from H. H. Robertson a new central warehouse worth close on film to be set up at Milton Keynes. It will use 49,000 sq metres of foam/steel psnels. The roof units will bave epoxy-based surfacing to protect against corrosion of the steelwall units.

# Two big London office blocks

FARROW (Lovell Group) has been awarded two contracts totalling £2,232,000.

Buckingham Gate Develor

ments is the client for £1,120,000 seven-storey office block being built at 60-61 Bucingham Gate, London, SWI.
The reinforced concrete frame structure will have a rit foundation at basement level, involving temporary support of some existing walls. Archiert is Chepman Taylor and Part-

The second cootract, also for

pany at a cost of £1,200,000. Situated at 210 New Kings Road. London, SW6, it will consist of a reinforced concrete frame on a piled foundation, with brick Architect is Turner Lands-

downe Holt and Paterson.

# Offices for

HUNTING GATE, in conjune-500 metres off-shore. It was re-quired that there he a rotating is being carried out for Carital developing a £1.25m prestige restaurant, telecommunicatione and Countles Property om- office in Windsor, Berkshire.

### Dairy on volcano isle

APV International of crawley, completion next spring.

CEMENTATION. PROJECTS West Sussex as subcontractors. has a contract worth about Cementation Projects, as fl.4m for the design end con- main contractor, will be responstruction of sn ultra-hig: tem- : sible for the construction of perature (UHT) milk processing the factory and administrative plant on St. Vincent, West offices and for plant installation

Indies.

The contract, awarded by the The commencement of site Diamond Dairy Compay, in work in May, which coincided ciudes a long life milk process with eruptions of the Sourrière ing system cosigned, voicano, is proceeding satisfactured and installed by torily and is scheduled for

### Chepstow warehousing

TARMAC CONSTRUCTION has started work on a bi; new distribution warehouse for the Nestle organisation, s: Chepstow, in Gwent, under a 12.6m contract. This building eventually will cover some five-plus acres, the remainder consisting of hard-standing areas roads and isndscaping. Site is the Tarmae Developments Newhouse Farm estate alongside the M4 Motor-

It is the first beilding to be started on this estate and it should be in use next summer. Work is being cirried ont by Tarmac Construction's regional

bouse to centralise distrihution operations in the region. The company says the ware-bouse will be ideally placed alongside the motorway.

Brands such as Nescafe,
Crosse and Blackwell and Libby's, will be handled at the

Newhouse Farm is heing developed jointly by Tarmac Developments and East Monmouthshire Industrial Holdings (Chenstow). Eventusly - the estate will offer some 1.5m sq ft of space on a site alongside the north bank of the Severn estuary and next to the Sever Bridge.

### Six Fairweather jobs

SIX CONTRACTS awarded to Borough of Lewisham is valued H. Fairwesther and Co. bave st £600,000; a factory and ware-H. Fairwesther and Co. bave steel framed, 14,300 sq metre a total value in excess of £2m, building with aluminium-clad and include a 380,000 project for the construction of 23 dwellings at lowes for the Vectis Housing Society. Another job on the Isle of Wight is at Ryde for Clark Masts which bas placed a 1140,000 contract for a three-storey office exten-

house unit job at Crewe Gates Industrial Estate for Horizon Developments is valued at Sterlle nolts are being con-

structed at the North Middlesex Hospital for the North East Thames Regional Health Authority under a £490,000 contract, and work bas started on a 11m contract for building shop warehouse at British units in Manchester for Wades

### Bank block in Bahrain

NINE-STOREY building for the Chartered Bank at Manama,
Bahrain has been designed by
architects Baglan Square and
Partners, of Loodon and
Bahrain, for construction on the site of the hank's previous

Reinforced concrete construction will be used end the piling contract for this project has been completed.

Carried out by Cementation (Middle East), this piling work involved the construction of 96 vide 10,150 square metres of banking and office space.

bored piles in diameters ranging from 600mm to 1050mm, to depths up to 14 metres

### Waterproof coating . Spinning of the main cables Stops the drips

USED TO REPAIR the top deck water reach vehicles parked strands to be added to the short of Preston Borough Council's below. Hessle sidespan. This ends a car park in Avenham Avenue, Main contractors was critical phase in the constructure. Preston is Scotchedad System V sproached by the Council for rectification of the problem with tion of the world's longest waterproof deck coating from rectification of the problem with 3M United Kingdom, PO Box 1,

Bracknell, Berks. built on a continuous spiral ramp principle in reinforced concrete, the three uppermost levels and adjoining ramps being finished with a resin-based

During the first winter of its use, however, cracks sppeared in the upper floor slabs allowing created stains and let dripping

the result that repairs have now been effected with the Scotch-The multi-storey park accom- clad system which comprises a modates 560 vehicles and was primer and a one-part liquid polyurethene coating, which is applied twice to form a complstely waterproof, joint-free, flexible and bardwearing and bardwearing

Application should be made, eays the company, to clear, dry surfaces and for remedial jobs, such as in Preston, preparatory work slso entails scabbling and grinding top roduce a suitably level and regular surface.





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adjoining other office buildings in Windsor, the site could appeal to international companies due to its convenience for major motorways and London Airport. Development will be in Farm-yard, off Datchet Road, central

Windsor, and comprises more than 9,000 sq ft of air-conditioned three-storey offices.

Architects for the scheme are Elaine Derby and Gordon Bad-nell, of Marlow, Buckingham Peterhead shire, and the appointed con-tractors are William Hartley and Sons (Wexham).

### Holidays in Antilles centre

WESTERMELJER Group Arnhem in Holland le to start a major holiday project in the Antiliean Island of Saint Mearten, Involving an estimated

This is for the construction of 977 holiday apartments, which are chiefly intended for American tourists and investors. The project also includes about 25 shops, a casino, tennis and squash courts, three swimming pools, children's playlols, Indian gardens, various ornamental waters and a pier.

The buildings will be erected by a prefabrication system. The parts (concrete elements and aluminium fronts) will be manufactured in the Nether lands and shipped to Saint Maarten in containers. Construc-tion must be completed in five

### African dam and road projects

INTERNATIONAL contractor. Royal Volker Stevin, bas just landed orders from two African countries worth over FI 100m (£24.6m).

Stevin Construction BV. in partnership with West German. contracting firms, Dyckerhoff-Widmann AG and Philipp Holz- tion of Rugby. mann AG le building the Al A Tailby of Desborough will completed in four years. Roads Nigeria, in which

total length of 210 km in Sokoto State, Nigerla. The project will be completed in one year.

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FACTORIES OFFICES

scheme TRAFALGAR HOUSE Developments has been granted planning permission for a £1.6m scheme at Drummer's Corner, Peterhead, to provide a 45,000 sq It shopping development comprising a supermarket, two store unifs and eight shop units with ancillary storage, together with 4,000 so ft of office accommodation. Construction will start this summer and occupation in mid-1980 ls foreseen.

Templetons will be the tenants of the supermarket and negotiations are at an advanced stage for the store and shop units with various national retailers, both in Scotland and elsewhere in the United King-dom. New premises for Simp-sons Garage are being constructed in nearby York Street and this work will start in mid-

# **New plants**

CORBY Development Corpora-tion, which last year doubled standard factory production to 200,000 square feet per year, has heen enabled, by a new government grant of £3m for factories, to design and award five contracts for further units in the town.

by Shanks and McEwan, both Corby firms. A special factory of 40,000 square feet plus office space is at present under construction for a boat building firm by Miller Buckley Construc-

Ibtissam Dam in Algeria, to be eet up ten email unit factories and workships on the Earls trees Industries Estate with Volker Stevin holds a 40 per 1,500 square feet and 1,500 square feet. A scheme cent share, has received an for a flexible factory unit, inorder from the Ministry of corporating office premises for Works and Housing, for the rethe Corby Business Advisory construction of roads with a Bureau, has also been approved and work will start soon at and work will start soon at Earlstrees East. This has gone to Wilcon Construction of Northampton. .

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10in x 12in wide fixed speed Two High Mill. -

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Richards: 24) ROTARY SWAGING MACHINE Marshall Richards.

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SABIN GALLERIES, 4. Cork Stret, W.1 01-734 6186. EXHIBITION OF ENGLISH PAINTINGS 1611-1630. Monday-Friday 9.30-5.30.

BRIAN GALLERIES, 7. Forchester Place, Mindle Arth. W.2. Selection of DRIAN ARTISTS—Sculpture, Paintings & Prints; Till 18 July, 10-8, Sat. 10-1. 01-723 9473.

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are Zeev Aram and Associates of Long Yard, Lambs Conduit Strest, London.

 Two contracts, each worth just over £400,000, beve been awarded to Sir Aifred McAlpine the second phase of an Asda superstore extension for the

General Motors has ordered

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BY PHILIP BASSETT, LABOUR STAFF

submarine base on the Clyde trained staff available to step will be hit from today by a in.

The Institution of Professional ... Civil Servants expects the strike by 12 staff will half operations at the base. The strikers control work on the maintenance and loading of the Polaris nuclear warheads.

harrassment when it halled the movements of three of Britain's movements of three of Britain's dockyard work bad beed four Polaris submarines from seriously affected by the action the Clyde base and another base of scientists and technicians. A the Clyde base and another base at Rosyth. The pavy had to be sent in to free the ships.

Servicemen may again be sent in to counter the technicians action. But unlike last year, when much of the work taken over by the navy was manual, technicians' jobs are highly skilled. Unioo officials doubt

The call came on the ever of

the annual conference of the

National Union of Mineworkers,

Amid reprots that the Govern-

meet is considering expanding

the ouclear programme in the

light of the mounting oil crisis

Mr. Scargill said: We think Mrs. Thatcher is taking Britain

After a meeting of the York-

shire area delegates the

union's largest grouping Mr. Scargill said: "We would call on the British people to mount

a massive campaign to stop the

building of nuclear power

stations when we can prove we

don't need them, and there is

no absence of alternative energy

Authority

Redbridge (01-478 3020) .....

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the Official List.

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2rid July, 1979

Baring Brothers & Co., Limited,

AIR ALGERIE

(telephone number in

towards nuclear disaster. .

BRITAIN'S Polaris nuclear whether the navy has sufficient Government factory laboratory

strike of key Government tech ... The Ministry of Defence said nicians over pay the street of the union's action Contingency plans were ready to keep the Clyde base opera-tional. There would be no danger to health and safety. Commung distuption at Roseth Portsmouth and Devon-

port dockyards from a overtime pay by industrial civil servants likely to be intensified by caused considerable political em sporadic dally storaged by union warned yesterday that complete closedown of some major installations, or even whole yards, was likely this

> Mr. Bill McCall, the unioo'a general secretary, said the new selective action would have "a considerable affect." It was causing increasing disruption of

mending industrial action in a ballot to the South Wales area

against the closure of the Deep

coal. It comes from leaders of

the National Association of Col-

liery Overmen Deputies and

The union, representing nearly 20,000 colliery officials,

has expressed its concern at the

growth of coking coal stockpiles,

particularly in Kent and the

Earlier union requests that

the board sell the coal to power stations because of the continu-ing recession in the steel

industry were rejected, said the

union's retiring president Mr.
Laurie Wormald. Now, the
association has urged the board
to blend some of the coking coal

Duffryn pit

Shotfirers.

Scargill move to cut

nuclear power plans

MR ARTHUR SCARGILL, the tricity Generating Board to be Yorkshire Miners' President compelled to use coal-fired yesterday called for a massive generators. On pit closures, the campaign " to haif the expan NUM executive has already

slon of Britain's nuclear power taken a key decision by recom-

meeting in Jersey, where miners A new approach has been representatives; will call for a made to the National Coal big boost in coal output to 200m. Board to reduce growing UK tons a year and a halt to pit stocks of medium grade coking decreases.

ources." with lower quality power station A motion to be debated this coal, particularly from Midlands

week calls for the Central Elec pits.

coocern" over the declared ing a better planned covironmention of Mr. Michael Hesel-ment"

tine, the Environment Secre. In a letter to Mr. Heseltine

tary, to speed planning controls, the institute suggests that The institute strongly supeffects of planning delays on ports; Government objectives to bousing development bad been provide more homes, but is exaggerated. "Concern for concerned, that "admirable bousing must be balanced with intentions to speed the develop

LOCAL AUTHORITY BOND TABLE

Redbridge (01478-3020) ...... 121 1-year 200 8-7 Wrekin (0952-505051) ....... 121 annual 1,000 4-5

Annual Interest

111 - year

121 - 1-year:

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gross pay Minimum of .

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in Ordinary Shares of 10p each

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weekday (Saturdays and bank holidays excepted) for the next fourteen days from:

sum bond

200 - 4-5

Planners worried about haste

and other specialist work

Atomic Energy Authority recarch reactors have been forced to balt operations balf a day early in every operative period. The re-opening of the Winfrith atomic energy plant in Dorset after an overhaul has been postpooed from this week until next month. Publication of Hansard and other Parliamentary papers bas also beeo

The action is over a claim for increases of 36 to 47 per cent for 40,000 technicians and creases for 20,000 scientists in of income-tax cuts.
be linked to this year's administration grade settlements.

The Government bas offered 16.3 to 24.1 per cent to the technicians, and 20 to 33 per cent to the scientists. The union claims that conditions on the scientists' offer are unaccept-

### Profit plan starts on Clydebank

Clydebank, has started a profit sharing scheme for its 2,000 staff which it hopes will help it to negotiate a basic pay deal in single figures for the next wage round. A settlement for

this group is due in October.

The company paid a 3 per cent

managing director, said trade John Browo also lotroduced

an 8 per ceot self-financing orodoctivity deal last year while increasing wage rates by 5 per cent, the last Government's pay guideline at the beginning of the 1978-79 wage round.

THE ROYAL Town Planning ment control system may lose ackage acceptable

### Rhine Army teachers strike

THE MINISTRY of Defence was accused yesterday of trying to "blackmail" teachers working with the British Rhine Army to Germany into taking

a pay cut or losing their jobs. The 115,000-strong National Association of Schoolmasters/ Union of Women Teachers, has ! ordered its members working COMMONS. in schools operated by the Northern Forces Education British Service in Germany to stop work until the matter is resolved.

About 1,500 teachers are employed with the BFES and 600 of them belong to the union.

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### By Our Labour Staff JOHN BROWN Engineering,

bonus, based oo average earnings, oot of its annual profits announced at the weekend. The average payment amounted to

Mr. John Mayhew-Sanders chairman of the Jobo Brown group, said be boped the scheme would lead to realistic pay bargaining. The profit sharing boous was a payment for co-operatioo and would repeated next year, if profits justified it, be said. Mr. Graham Strachen, group

unioo reactioo to the scheme had been very promising.

The company inlends making

a single-figure offer in current pay talks and will rely on the profit-sharing and productivity achemes to try to make the

This week in Parliament TODAY Northern Ireland Act 1974 tension) (Interim Period Order, and the Northern Ireland (Emergen Provi-

sions) Act 1978 ance) Order. ORDS. British ORDS. British Railways (Selby) Bill, third reading. LORDS. Charging Orders Bill second reading. Companies Bil, com-

mittee stage. Debate on the need for an independent in-quiry into the arrangements for handling arriving bassen-gers' baggage at Hethrow

TOMORROW COMMONS. Finance Bill committee stage.

LORDS. 1pswich Port Authority Bill, third reading. Crimical Injuries Compensation Bill. second reading. Law Reform (Miscellaneous Provisions) (Scotland) Bill. Public Records Amendment Bill. second reading. Debate on medical education provision in Loodon

WEDNESDAY COMMONS: Finance Bill. contmittee stage.

LORDS: Debate on threat of a fuel crisis, role of BNOC and importance of developing alternative energy resources. Debate on progress at the UNCTAD conference Manila.

THURSDAY COMMONS: Finance Bill, committee. Motion on the St. Termination of Association Order.

LORDS: Wales Act, 1978 (Repeal) Order, 1979, Debate on the 14th EEC report on Community action in the cultural sector and proposals for a European Economic and Social Policy Research Institute. Debate on policy on admission of overseas admission students 10 British universi-

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Interim results at a glance

	If year to	Half year to	Year
	31.3.79	31.3.78	30.9.78
	f	£	3
umover	084,000	13,813,009	30,877,000
rofit before texation	275,000	339,000	871,000
Retained in the business	95,000	121,000	332,080
Dividend per ordinary share	.56p	.48p	1.54p
	_		

... I anticipate that o second half year will yield a much impred pre-tax profit when compared to the

> C. Bamford CBE, Chairman

**BUSINESSMAN'S DIARY** 

....... Aulumn Lightsbow (0248 88396)

4700)
July 29—Aug. 2... International Gifta Fair (01-855 9:201)
Aug. 25—Sep. 1... loternational Motor Cycle Sbow (01-741 2156)

OVERSEAS TRADE FAIRS AND

July 2—6 ...... International Exhibition for Opto-Electronic Systems—LASER (01-486 1951)

July 3—Aug. 1... July 8—13 ..... Summer Home Furnishings Markel

July 9—12 ..... The National Housewares Exhibition

July 16—20 Wood 79—The International Formational Formation Formatio

July 16—20 .... Wood '79—The loternational Forestry Develop-ment, Timher Processing and Wood Working

July 23—28 ..... International Engineering Exhibition
July 23—27 ..... International Public Works and Municipal Services
Exhibition—CIVICON (01-486 1951)

Horse Show 1 Dublin 680645)

Current .......... University of Bradford Management Centre: Group

July 2-13 ...... Brunel Management Programme: Management of Research (Uxbridge 58561)

(01-636 5351)

July 2-6 ...... BACIE:

July 8—13 .....

July 9-20 ......

July 10

July 13-15

July 16-18

July 17 ......

July 17—19 .....

July 17—18 .....

Exhibition

UK TRADE FAIRS AND EXHIBITIONS

BUSINESS AND MANAGEMENT CONFERENCES

Managing Effective Relationships

and Personal Effectiveness—Skill with People (Eradford 42299) luntil July 6)

1PM: Practical Negotiation Skills—A workshop in negotiation effectiveness (01-387 2844) (until

Sbeffield City Polytechnic: Uses and Ahnses of Computer-Based Training (Sheffield 665274) Fielden House Productivity Centre: Accounts for

Non-Financial Managers (061 445 2426) Microcomputer Consultants: Microcomputers '79-

and Company Accountants (057282 2711)
Bradford University: Management Information and

Modelling Systems (Bradford 42299)
FT/City University course: Financial Management
For The Non-Financial Executive (01-236 4382)

Centre for Advanced Land Use Studies: Marketing

Recreational Facilities (Reading 861101)

Industrial Participation Association; Summer Conference (01-222 0351) MSS: Inventory Management and Control

MSS: Inventory Management and Control (Worthing 34755)
Institute of Purchasing and Supply: Oil—How

1PS: 1s there an Oil Crisis? (0990 23711)
ASM: Management of the Drawing Office

Benn Publications: Machinery, Adding Value and

Treatment—Methods and Media (01-446 2251)
INCOMTEC: Product Liability—Law and Practice
In Britain and Abroad (0276 62677)

DIB: Speaking Course Based on Special Industrial

serious a crisis? (Ascot 23711)

Marketing (01-353 3212)

July 18—20 ..... Lloyd's of London Press—BILA London Collo-quium 79 (01-353 1000)

July 19—20 ..... The Institute of Metallurgical Technicians: Heat

July 22—27 ..... CCC: A Practical Guide to Business Law in the

(01-385 1992)

ASM: Business Law for Directors (01-385 1992)

The Laymao's Guide to Micros in Business

Metropole Centre, Brighton Wembley Conference Centre

National Exhibition Centre,

Wembley Conference Centre

Wembley Conference Centre West Centre Hotel, Fulbam

**EXHIBITIONS** 

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Olympia Earls Court

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Singapore

Dublin

lzmir

Chicago

Melbourne

Jobannesburg

Johannesburg

Heaton Mount, Bradford

Sackville Hotel, Hove

Hemingford Grev

er 18. Metropole Hotel, Birmingbam Teaching Bowater Conference

Savoy Hotel, WC1

Portman Hotel, W1

The City University

Piccadilly Holel, W1

Churchill College Cambridge

Grosvenor House Hotel, W1

Grosvenor House Hotel, W1

University College, London

Queeo's College, Cambridge

Piccadilly Hotel, W1

University of Aston

Europa Hotel, W1

Bagshot, Surrey

Reading University

Worthing

Siogapore

Uxbrldge

Grosvenor House

Birmingham

Title EIA Engineering Exhibition (01-222 2367) Unit Load Show (01-908 2122)

July 11—28 ..... The Royal Tournament (01-850 0005)

July 23—27 ..... How to aell into the Common Market Exhibition—

IMPO EXPO (01-248 4444) July 23—28 ..... Middle East Business Expo 79 (01-580 5816)

July 23—27 ..... Impo 79—How to sell into the Common Market
Exhibition (01-248 4444)

July 25—26 ..... Vandalproofing Exhibition (01-261 8000)

July 27—Aug. 1... British Musical Instrument Trade Fair (01-428

HE BUDGET appears to bave itest Financial Times survey come among ABC-1 men-lhose of consumer confidence, published today.

38 goints from May's exception- cuts. Their consumer confidence ally high level of confidence, index has dropped a dramatic which resulted mainly from 60 points-from a positive index post-election euphoria. The of 27 per ceot to mious 33 per sbarp drop in the index-to the cent in one month. All four lowest level since the economic social classification sub-groups crisis of late 1976—suggests that have dropped from a positive to the Value Added Tax increases a negative figure this mooth.
in the Budget ont-weighed in The abrunt change in con-10,000 related staff, and for in- consumers' minds the impact

> consumers intended to do with their income tax cuts, the survey showed that a higher cent of the 1,075 consumers spend the greater part of their minus 1 per cent last month tax reduction, compared to 49 The 38 per cent who felt their

per ceo last year.

A quarter of this year's survey, compared with 23 per cent, the highest figure cent last year, helieved they would get no tax reduction from the Budget. The rest of those questioned did not express a view.

The man part of the survey showed that only 18 per cent of consumers expected condi-tions to improve. Some 47 per cent thought conditions would worsen. This gives an index of minus 29 per cent. In May, the

minus 29 per cent. In May, the figures were 28 per cent and 19 per cent respectively, giving a positive index of 9 per cent.

Analysis of the survey shows that rising prices are the main reason for the increase in consumer pessinism, following the NAM increase in the Pudget VAT increases in the Budget and the Government's forecast that inflation may reach nearly 20 per cent this year. The pro-portion of pestimistic consumers

CONSUMER CONFIDENCE

# Prices gloom in wake of Budget

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

The survey shows that the significantly reduced consumer higgest switch from optimism to according to the pessimism among consumers has in professional and executive jobs-who stand to gain most The survey shows a drop of from the Budgel's income tax

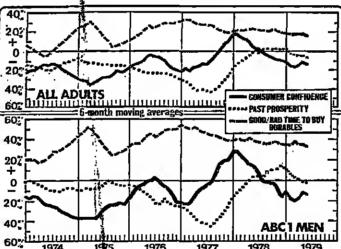
sumers' opinions was reflected Aug. 13—16 ...... National Hardware Show
Aug. 17—26 ..... International Trade Fair (01486 1951)
Aug. 20—Sep. 20 International Fair
Aug. 20—24 ..... International Packaging and Food Processing Exhibition—PAKPROCESS (01486 1951)
Aug. 29—Sep. 12 Timber and Woodworking Industry Exhibition in the past prosperity index, where the consistent impravement since February bas been halted. Some 26 per cent of this month's sample felt their proposition (16 per cent) than family to be hetter off than a last year (12 per cent) planned year ago, while 38 per cent felt to save the extra. Some 46 per their family was worse off. cent of the 1,075 consumers This gives an index of minus surveyed said they intended to 12 per cent, compared with

> the past prosperity lodex was positive was the ABCI women grouping. The most dramatic change in past prosperity was seen among C2DE women, who showed a 23 per cent decrease since last month. For the first time in six months the past prosperity index for the underos was negative, following a 9 per cent drop since May. Clearly it is this group which feels worst hit by the Budget.

The full weight of the Budget Increases on VAT are felt this month in the "time to buy big things for the house" index. For the first time since May 1975, this index is negative. Even allowing for May's particularly high index of plus-25 per cent—due to pre-Budget spending—the drop of 39 per

portion of pesimistic consumers citing inflation as the main reason for their pessimism nearly donhled from 22 per cent in May to 46-ber cent.

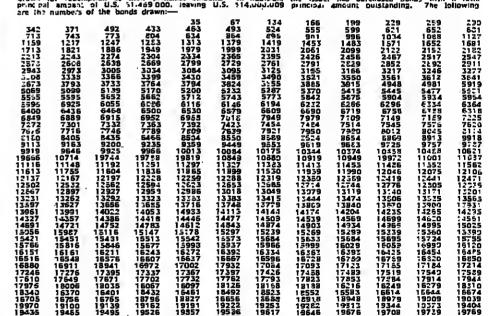
Industrial threst is not seen as a problem by consumers, being cited by only 11 per cent, compared with the 44 per cent who gave this reason in February at the beight of the winter between June 14 and 20.



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2nd July 1975

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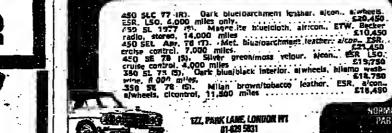
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30

Mary Program



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1978 June Rolls-Royce Sliver Shadow II Saloon. Chestout, Magoolia leather. Speedometer reading 1,350 miles.

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1977 May Rolls-Royce Silver Shadow II Saloon. Scots Pine, Fawn Parkertex upholstery. Speedometer

1977 Jan. Rolls-Royce Silver Shadow Saloon. Walnut roof. Silver Sand, Dark Brown Parkertex upholstery. Speedometer reading 26,000 miles. £28,500 1976 Jan. Rolls-Royce Corniche Convertible Coupe. Nutmeg, Magnolia leather, Camargue air condition-

ing. Speedometer reading 23,000 miles. £42,000 1976 Aug. Rolls-Royce Silver Shadow Saloon. Regency Brooze, Dark Browo leather. Speedometer reading 24,000 miles.
1978 Aug. Rolls-Royce Silver Shadow Saloon.
Seychelles Blue, Beige leather. Speedometer reading
426,000 24,000 miles. 36,500 miles.
1976 Feb. Rolls-Royce Silver Shadow Saloon. Pewter,
Green leather. Speedometer reading 39,500 miles.
225,000

1975 Feb. Rolls-Royce Silver Shadow LWB Saloon, without division. Brewster Greeo, Willow Gold roof, Beige leather. Speedometer reading 46.000 miles.

1973 May Rolls-Royce Silver Shadow Saloon. Black over Walnut, Black leather, electric sliding sunroof, Speedometer reading 38,600 mlles. \$18,950 leather. Shadow Saloon. Alpine Gray. Beige leather. Speedometer reading 66,000 miles.

miles. 1973 Feb. Rolls-Royce Corniche Coovertible. Silver Chalice. Red leather. Speedometer reading 46,750 miles.
1973 Jao. Rolls-Røyce Silver Shadow Salooo. Shell Grey, Seychelles Blue, Dark Blue leather. Speedometer £18.450 reading 43,000 miles. £18.450 1972 June Rolls-Royce Silver Shadow Saloen. Coffee

1972 June Rous-Royce Suiver Suadow Sale Proving Reading Bean Brown, Magnolia leather. Speedometer reading £18,950 25,000 miles. 1971 Feb. Bolls-Royce Silver Shadow Salooo. Grey, Beige leather, Speedometer reading 22,500 miles (one owner).

Moodbridge Road, Guildford, Surrey. Tel. 69231. Thr. 859255

1979 Jan. Rolls-Royce Silver Shadow II finished in. 1779 Jan. Rolls-Royce Silver Shadow II finished in Chestnur with Beige hide interior. 500 miles. 1978 Dec. Rolls-Royce Silver Shadow II finished in Chestnut with Beige hide interior. 900 miles. 1978 May Rolls-Royce Silver Shadow II finished in Peacock Blue with Magnolia hide interior and Magnolia Eversex roof. 4,000 miles. 1978 March Rolls-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior. 17,000 miles. 1978 Feb. Rolls-Royce Silver Shadow II finished in Chestnot with Magnolia hide Interior and Magnolia Eversex roof. 14,000 miles.

Everflex roof. 14,000 miles.

1978 Jan. Rolis-Royce Silver Shadow II finished in Cardinal Red with Beige hide interior. 1,000 miles.

1978 Jao. Rolls-Royce Silver Shadow II finished in Gunmetal Grey with Grey hide interior. 10,000 miles.

Miles.
1977 Aug. Rolls-Royce Silver Shadow II fiolsbed in Moorland Green with Green Dralon interior and Green Everflex roof. 18,000 miles.
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trim, 23,000 miles, history, £27,950 1976 SILVER SHADOW. Welnut. Gold coach lines, Beige hide trim, picnic tables, one owner, 38,000 miles, history. £26,950

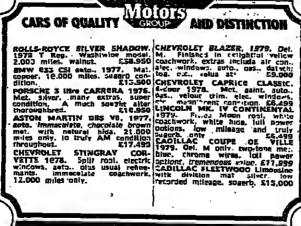
1974 SILVER SHADOW. Walnut, Beige hide trim, only 6,000 miles, one owner, unrepectable et £24,500 1975 SILVER SHADOW, Cardinal Red, Gold coach lines, Beige hide trim, one owner, 45,000 miles, outstanding motor car. £24,950

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THE MANACEMENT PAGE

backed by the fact that although

sidiary ditside the U.S., stresses that he las a very high degree

of autonamy. But it is significant

that Francis Lucier, chairman nf

the main board, said in London

earlier this year that although

the operating companies were

seen as profit centres he did not like the word "autonomous."

is a large company by European standards it still "goes for

Although Black and Decker

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The histent yellow covers of the Price Commission report

lying in the main reception of Black and Decker's UK headquarters in Mainenhead Berkshire are in sharp contrast with the glossy brockings advertising the company's products. Few firms which have been the subject of a Price Commission investigation would be inclined to draw aftention to its findings, let alone use it as promotional literature But Black and Decker, with 98 per cent of the UK drill market, 87 per cent of inte-grals (jig-saws and sanders) and 95 per cent of attachments, and 95 per cent of attachments.

came through the inquiry with might say even that it had been vigorously polished in figur, ways it is a rather unusal company on first sight it might simply look like a

typical, thrusting, aggressive American multinational. What that view belies is that its management style certainly in this country and Europe—owes much to Robert Appleby, an Englishman, who developed lack and Decker in Britain in



European markets is by com- drill from S. and N. Bridges. mon accord attributed mainly to him Growth outside the U.S. has outstripped expansion at reinforcing Black and Decker's position as one of that rare breed of American companies that has greater international than home sales.

Last year, warldwide turnover under 45 per cent was in the U.S. The company has 45 subsidiaries around the world, and manufactures in 50 different

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ccann, managing director Black and Decker UK.

lecations. But the directors do tend to blanch if you call it a multinational—they prefer to call it an international com-

Black and Decker's success in the domestic drill market in the dates back to the 1950s when the market was domizated by Wolf, a British company. Although the company had been selling drills in the U.S. since fust after the war, it did not seriously challenge the UK market until 1954

From that time there were three main-domestic drills on the LIK market, Wolf's Cuh, The company's extraordinary the IK market Wolf's Cuh, strength in Britain and its Black and Dekker's at the same lesser but sizeable share of the price, and a higher powered Although Wolf hegan to lose

market share to both the other companies, Black and Decker initially suffered from a reputation for poor reliability. By the beginning of 1958, having appeared to have solved its sectional problems, it launched a new drill which it began to reached \$959.9m of which just, back with very heavy advertis-under 45 per cent was in the ine promotion—the first serious attempt to bring the power drill into the mass domestic market by the early sixtles it

was selling over half a million to achieve.

BY JASON CRISP

Black & Decker image polished

for the battle ahead

hammer drifts and now integ. companies have a notable degree rals-but it has always con- of autonomy-a point which is centrated on high volume, low cost products. The drill market is inevitably rather

Certainly in the UK its high volume low cost position means secretaries that it is seemingly indomitable to any incursion by a moderate - sized competitorwhich makes the recent UK assault by Rockwell, its major competitor in the U.S., all the



Appleby was at the helm of Black and Decker UK through the all important 1960a and was instrumental in developing the company's international side. He rose to he vice-chairman of the parent company second only to Alonzo B Decker. When he retired in 1971 he was accorded, a glowing two-page testimonial in the annual With the do-it-yourself boom report, an unusual accolade for continuing throughout the an American, let alone an world, the company remains

and it is fairly uncommon—in which the UK and European subsidiaries of Black and Decker subsidiaries of Black and Decker — earnings fell by over 20 per cent — a recession is not in itself damaging to the DIY strands stand out, not because Much of the present stylethey are unique—they are not—increasing letture are the two but because of the lengths to main driving forces of the which Black and Decker takes market.

them.

Lucier reflects that the slump
One is the degree of measure. In 1975 was against the backment of information—the com- ground of a 11 per cent growth pany has among other things a in the market it was cansed. statement of profit and he says, hy letting inventories incoming orders and get out of control in Europe ntee card returns. The and also hy a weak link guarantee card returns. second is the remarkable effort between marketing and manu-this paternalistic and non-facturing companies." union company puts into But ineritable that slump employee relations. And the raises the question; how could third is a fairly brave pricing a company with such detailed system for new products, controls allow inventorics in ased on a projected sales level get out of hand? Fith hindsight. which may take up to two years McCann says the basic problem

had been a lack of planning. a year, and its competitors were While strict controls are 19:3-74 had oeen a boom year concentrating on higher quality applied by the UK hoard it is and the company had been concentrating on higher quality applied by the UK hoard it is and the company had been concentrating on higher quality applied by the UK hoard it is and the company had been . itself in turn closely monitored growing at a very rapid rate-Since then, of course, Black both by its European head office well over 10 per cent — and and Decker itself has moved up and the U.S. head office above had just taken on 1,000 people market — two speed, then that Yet the individual operating at its factory in Spennymore, County Durham.

> McCann says Black and Decker was reluctant to make Black and Decker's turnover this year will exceed \$1hn, its any redundancies, and production grew while the market did head diffice staff in Towson, not Although there were a few Maryland, totals 40, including redundancies most of the staff reduction (over 600 ont of Tony McCann, today's manag-ng director of Black and Decker 4,000) occurred through natural wastage over an extended UK, the largest individual subperiod and through ending evening shifts.

"We are very mindful of our past mistakes during this cur-rent boom." admits McCann. One result of this nacomfortable experience has been a tightening of inventory controls...



growth with an almost religious fervour. Its declared target is far sales and net earn-Television viewers will not be agree on who should he halloted surprised to learn that the UK ings to indease hy 1S per cent company spends a high propora year - ever the past twenty tion of its revenue on promoyears sales have grown annually tion: last year's rate was 5 per hy an average 16.7 per cent, and earnings per share by 14.1 per cent of the £65m turnover (of which £22m was exported). Most of the promotional budger is allocated in advance to specific products but a fifth is used they did not wish to be repreconfident that it can sustain its duct's flagging sales. It is not uncommon for companies to use the return of guarantee cards as a marketing tool, but Black and option of moving jobs. Decker makes a particularly

moving from wholesalers' or them out. retailers' shelves. It seems that Considerable emphasis is laid the company knows immediately by the management on com-

or throughout the country.

Another sale means another guarantee card will be on its way hack to Black and Decker-and the company reckons these cards are a much better measure of sales performance than orders, giving early warning of slow-moving products (non-unionised) employce rela- management structure down to tions. Although two unions—the groups of between 10 and 12 on Amalgamated Union of Engineering Workers (AUEW),

Workers' Union (GMWU) have had long-standing recognition claims under Section 11 rants; they are single status). of the Employment Protection Act for nearly three years, there has not been a ballot of the workforce. This is because of a failure to

-the company says it should be company wide, but the unions want it based on those workers they would wish to represent. The company claims that when conducted an independent

ballot of the whole workforce two years ago 80 per cent said flexibly in response to a pro- scoted by unlons. The reason most of the skilled craftsmen at B and D hold union membership is apparently to retain the emphasises McCann

detailed analysis; Tony McCann wages are high at Black and gets a breakdown of returns by Decker - "our attitude is to product and by region each day. pay as much as we can afford. The company regards the rather than what we can get analysis of guarantee cards as a away with." The unions seeking better guide to sales perfor- a toehold take a more cynical mance than orders, which do not view, that the company is huyreveal whether the goods are ing off the workforce to keep

a product is beginning to slow, munication. Although many whether in a particular region companies make this claim It does appear that in Black and It gives it a very good Decker's case it is with justi-measurement of the effective-fication. In addition to employee pers of advertising-McCann reports (on the UK company), nary sight," says McCann. The adds wryly that he can even newsletters and a joint consulmeasure the efficiency of the tative committee, it uses two forms of hrlefing.

delivery for Tony McCann to talk directly working and the General and Municipal to groups of about employees in the canteen (Black and Decker calls them restau-At these direct sessions

McCann imparts news-"good or had, including redundancies" -and answers questions. He reckons to speak in this to the entire company (3,350 employees) three nr four times a year. There are also shopfloor personnel managers for every 200-300 employees.



To illustrate the level of employee relations he cites an incident earlier this year. At the Spennymore plant, the company's main factory of 500,000 for its specific market and does square feet and employing nearly 2000, the heavy winter damaged the roof over the area where the motors are made and where half their machine tools

were. McCann says it meant moving all the equipment and was reckoned to be a three menth job by the management. According to McCann, who recounted his stay with some pride, the entire workforce set out about the move with such a will that it was completed in a week and " It was an extraordia half. workforce even sent a petition to the management thanking them and the Dutch subsidiary

dates. The No doubt the prospossible sbort-time may have been a powerful incentive.

Not for the first time, Black and Decker is now being chalable competitors, this time Rockwell (see this page, Decemher 27, 1978) and the Japanese company Makita. Rockwell has been using extensive television advertising and hefty promotional offers in an attempt to emulate its recent success in the U.S. market. When it entered the UK

market in late 1977, its target was to capture a 15 per cent market share within five years, By last Christmas it was already claiming 5 per cent.

Black and Decker's stated

view on this latest incursion is cautious but confident. It bases its confidence on two countsone is that it designs its tools not impose a product from outside. For instance a German Black

and Decker drill is more powerful, more highly engineered and more expensive than in the UK. The second point is that its high volume, low cost manufac-

ture will enable it to keep the edge on prices; Black and Decker is cheaper than either Rockwell or Makita. At the moment there would

appear to be plenty of sales for all-if anybody had any doubt about the DIY boom. Black and Decker's latest figures would disprove them, lis UK sales are currently a0 per cent higher than the same time last year of Black and Decker also devotes First there is the "cascade" sent 6,000 roses to the Spenny- which only 6 per cent is an unusual amount of energy to style of briefing through the more workers for saving accounted for by price.

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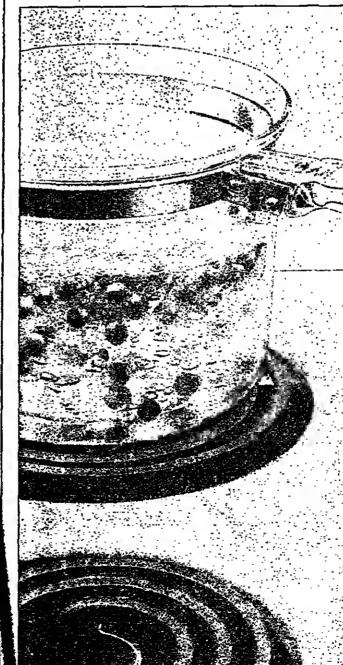
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# Why the dollar has been weak

E. SAMUEL BRITTAN

HE RECOVERY of the dollar November was stagetransged by the central banks; d like all such operations was bund to come to an end if pot lacked by appropriate domestic ressures, which it was not For enow looks as if the much progimed tightening of domestic Conetary policy was largely a

Paradoxically, the increase in oil prices could bring a l'imporary respité to the dollar. if a large enough fraction of the OPEC surplus is initially rested in the U.S., and also if purchasers have to buy fit any respite or recovery will more than a temporary interruption of a downward content without more funda-reactal changes affecting the Compand for or supply of dollars. Poril 5 I cited some of the re-sons why the normal money supply measures much exacperated the extent of the Streeze, and following the Sbedow Open Market Commilitee," suggested a look at the Monetery base instead. There is now, bowever, evidence that this messive understates

monetary growth and that there

Soundown since last November.

A d'ust

The point is that the U.S. banking system has—with a private enterprise ingenuity which Friedmanites ought to sdmire-found ways round the compulsory reserve ratios of the Federal Reserve, Mr., Anthony Boeckh, of the Bonk, Gredit Analyst of Montreel, bao tried to adjust for these distertions by adding to the convertional figures overnight funds. lent to banks by corporations. fixed value mutual funds with free checking facilities: and Automatic Transfer Services and Negotiated Orders of Market drawalo on savings balances. With those additional items inactions" measure of the money supply and the broader measur? have both been rising at annual rates of 11 per cent—thowing no deceleration from 1973 and a large increase over previous. years. These monetary increases were fed by the \$25bm reflux from overseas central follar recovery period earlier

+ Indicates programme in

BBC 1

1.30 pm Trumpton. 1.45 News.

1.55 Wimbledon Lawn Tennis Campion hips. 4.18 Regional

News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Baggy

Pants and the Nitwits. 5.05 Blue Peter Flies the World. 5.35 Fred

5.55 Nationwide (London and

South-East only).

7.20 The Dukes of Hazzard.

12 Jug animal before roasting

initially (4)
13 Sudden fright in Japan I

14 Wins help but it could be

16 Material making part of body pass away (8)
18 Photograph to impress (5)

ZO Exclusive type of fish (4)

... created (5)

er denied (8)

6.15 Wimbledon highlights.

Basset. 5.40 News.

Even this level of monetary i er the U.S. monetary package expansion is not sufficient to finance the rate of inflation, plus real growth, that the U.S. was experiencing in the first half of the year. As a result, Mr. Boeckh believes that "monetary policy is probably restrictive crough to slow economic activity, but not to create a sharp enough downturn to bring bout a major cyclical turning point in interest rates and infla-ion." Understandably, be does not share the Administration's belief in a "soft landing," i.e. a major reduction in inflation achieved with only a modest recession or a pause in growth. He feers another run on the lier which the Administration could try to counter with ex-change controls as well as a much atronger monetary

Combination

This possimistic prognosis is supported by a aomewhat dif-orant type of analysis in the Burns-Robinson Exchange Rate Outlook published by the out that there has been no real preciation of the dollar, after and productivity differences. ate 1277. According to the Outcold, the deliar index will be coun to about 81 in about a year, compared with 861 at the

U.S. monetary policy faces two crizes. First, U.S. bankers bave found ways around the reserve ratio requirements of the Federal Reserve. Indeed the number of banks outside the Tederal system has been growing. Secondly, the amount of off-sacre or Euro-dollars has multi-plied to a degree inexplicable. by the deficit in any of the secnrs of the balance of payments. Indeed the two crises may well be the same; as the use of offshore dollars bas clearly been one of the ways round reserve requirement. The Morgan Guaranty Survey bas suggested that these distortions would be avoided by confining reserve deposits and abolishing them for time and savings deposits. But this I fear would simply lead to fresh avoidance mea-sures, such as a substitution of time .for demand deposits for many purposes. Reform will have to go very much deeper-whether in the way of greater freedom or greater control; and the issue affects the world, not just the U.S.

11.10 Tonight.

Scotland.

8.10 Panorama: Going Critical
Your Nuclear Future.

9.00 News.

East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham);

F.T. CROSSWORD PUZZLE No. 4,010

11.50 Weather/Regional News.

5.55-6.15 pm Reporting Scotland. 11.50 News and Weather for

5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC-1 (Wimbledon). 11.50 News and Weather for

Northern Ireland-4.18-4.20 pm

Northern Ireland News. 5.55-6.15 Scene Around Six. 11.50 News and Weather for Northern

Ireland. England—5.55-6.15 pm Look

Wales-1.30-1.45 pm Pill Pala,

# Injury compensation problems highlighted

of their colleague. Lord that has left her only inter-Denning who unashamedly uses mittently, and then barely, the judicial process to achieve sentient and totally dependent at the conclusion of the Pgal radical changes in the law, in upon others. order to achieve what he perceives to be justice. Many judges could compensate for so tragic are, however, not so slow to a living death. Yet the courts exhort Parliament to do some were asked to do their best by thing about the anomalies and

Hence the judgment of Lord the negligence of those on the Scarman with which his three bospital staff who had treated colleagues in the House of Lords Dr. Lim negligently in the post-concurred without demur) in operative period. The writ was by the courts. Lim Poh Choo o Camden and Islington Area Health Authority (Teaching) is of great signifi-cance in urging the Government to implement at least the major recommendations of the Royal Commission on Civil Liability and Compensation for Personal

to hospital for a minor gypaeco-

impervious to defects in the She became a wreck of a human of damages. The award, which law. True, few judges are will-being, suffering from extensive covers past, present, and future ing to tread the reformist path and irremediable brain damage

way of an award of damages. anachronisms in particular fields : Liability was admitted just of law that cannot be rectified before trial; the health authority accepted that it was liable for issued in September, 1974. In. December, 1977, Mr. Justice Bristow, employing the various. established heads of damages, awarded Dr. Lim nearly 1255,000, an award that was challenged in both the Court of

Appeal and the House of Lords. Injury published in March; 1978. The course of the litigation The course of the hitigation exposed two major flaws in our The cettres of the hitigation exposed two major naws in our following the tragic injuries to Dr. Lim. a young Malaysian psychiatrist working in this connected, demonstrates with devastating clarity the problems implicit in our system of compensation for personal injuries, in the fact that, unless the parties agree otherwise (and they rarely do) the legal proceedings can yield only a lump sum assessed by the court at the time it gives its judgment. the time it gives its judgment. logical operation. When she was Sooner or later-and too often in the recovery room following later rather than sooner because the operation she suffered litigants tend to drag their feet cardiac arrest. The consequences in the hope that a settlement

JUDGES ARE often criticised, were disastrous; a promising of a lump sum will be rescled unfairly, for appearing to be career was at a stroke shattered. —a court has to make its avaid unfairly.

lump sum. That sum has to be assessed process. The award is find; it is not susceptible to review as · Almost no amount of money

before the Court of Appeal, Lord Deshing appeared in think Lord Deming appeared to think tive he may be is 'cabin'd, to be adduced; it led to the that the law did already pro- cribb'd, confin'd, bound in not award being reduced from vide unthinery adaptable to as was Macheth, to his saucy 2255,000 by the trial ladge to enable the courts to award doubts and fears but by the 2223,500 in the Lords. damages as an interim award, to be varied up and down as the years pass or and the needs of compensation changed. That

THE WEEK IN THE COURTS

BY JUSTINE

the future unfolds, substituting attractive, even ingenious sug-the harsh realifies of tire for gession found no favour with the court's once-and-for-al pre-dictions.

likely to get the awrd of damages wildly wrong. O much of the reform necessary raises of any award in these ases is attributable to future iss and suffering of the injured hat the award is bound at bes to be either too high or too ow. If the former, the family of the injured will get a wirlfall; if the latter, insult will he added to the injured'a feelins (what factors and interests need to be are left of them) and te family will be left to bear ne brunt of looking after their kinsfolk comprehensive code by the without the solace of adequate legislature. Lord Scarman put compensation.

Since the court's prelictive Lords For so radical a reform devices are so inadequae it is the change requires the broad issees of social economic and financial policy that are scarcely amenable to judicial reform. . A single decision of a court in one piece of litigation is bound to be controversial and

will solve at best only the instant problem - A number of weighed in the balance, and the law needs to be declared in a it graphically in Shakespearean evidence and arguments of litigants. That was a gentle way of rebuking Lord Denning for his daring judicial gympastics, whereas other Law Lords, notably the present Lord Chancellor, have in the past been less kindly in their criticisms.

cess as it affects the amount of compensation. The trial indge made his award on the basis of the facts as they stood at the date of judgment in December 1977. When the case reached the Court of Appeal in June 1978 Dr. Lim's mother, who had been caring for her daughter back home in Penang, had suffered a deterioration in health which made it improbable that her daughter could be cared for any longer in Malaysia. She would have to be brought back to England.

The Court of Appeal admitted fresh evidence to indicate how the cost of transfer and future place and an entirely new assessment of the cost of future an unemplo care was needed if justice his family between the parties was to be the laftrat

When Dr. Lin's case was language: "The judge how done. The House of Lords in some the Court of Appeal, ever wise creative and imagina- its turn allowed fresh evidence

--- THISHAR -FIRES INCHES, BACK A WAY

The device of granting the parties to litigation leave to adduce fresh evidence at the appeliate stage — this case was a rare-instance of two appeals. but one appeal is not uncom-mon in personal injury cases where awards of damages are The second confusing feature high - does alleviate some of the law is the appellate pro- of the injustice of a humpsum system. For the period of the appellate process awards can be brought into line with what has happened since trial.

But to rely on the appellate process to mitigate the injustices of the lump cum system is to rely on a makeshift, and is of dubious value when the future of the injured victim stretches well beyond even the most languid processes of the

The most disturbing feature of this branch of law is that Dr. Lim's cruel predicament is nowadays not a rare exception. The courts are not infrequently cost of caring would be affected. having to face the prospect of Yet again, when the House of assessing damages to a person Lords beard a further appeal who has been converted by an in March 1979, the transfer back accident (usually on the roads) to England had in fact taken from a healthy intelligent wage who has been converted by an accident (usually on the roads) earner and breadwinner into an unemployable handicap upon his family or institutions for

### Moment of Weakness can win

whose Newmarket stable shore signs of returning to early season form following a bleak period, saddles Fashlon Club for the Home Ales Gold Tankard Handican (3.15) at Nottingham This consistent fill appears

racing: BY DARE WIGAN

to be reasonably weighted with 9 stone, bearing in mind her good performanca when finishing close up fifth in the Wokingham Handjeop at Boyal Ascot. Willie Career, frish from h triumph on Troy in the Irish Sweeps Derby at The Curred on Saturday partners Mendelita in the Colwick Hall Stakes for three-verr-olds (4.45) maidens at starting, ruo orer

two miles.
This is a race that will not require a great deel of winning first half of this year. The roll-or roll-off ferry and Carson has good prospects

A total of 171 deep sea vessels terminal was also busier, with of landing it.

Were worked at the four 408 vessels bething during the of landing it. Paul Cole has sent three

BBC 2

Inside Story.

Day.

11.20 Late News.

11.35 Heote Direkt.

12.00 Closedown reading.

LONDON

9.39 am Schools Programmes. 12.00 Jamie and the Magic Turch.

12.00 Jamie and the Magic Torch.
12.10 pm Once Upon A Time.
12.30 The Sullivans. 1.00 News
plus FT index. 1.20 Thames
News. 1.30 Ali About Toddlers.
2.20 Monday Matinee: "The
World of Suzie Woor," starring
William Holden, Naucy Kwan
and Michael Wilding. 4.20
Clapperboard. 4.45 Why Can't I

Go Home? 5.15 Survival. . . .

6.35 Crossroads.

10.00 News. 10.30 Monday Star Movie: "The

Wrath of God," starring Robert Mitchum and Rita

Hayworth. 12:30 am Close: Personal choice by Kenneth Connor.

except at the following times:-1.25 pm Anglie News. 2.00 House-

(S) Stareophonic broadcast

Radio Wavelengths

1053kHz/285m 3 1215kHz/247m 1089kHz/275m 3 30-92.5vhf stareo

5.45 News. 6.00 Thames at 6.

7.30 Coronation Street. 8.00 In Loving Memory. 8.30 World In Action.

9.00 Spearhesd.

7.00 Ob Boy! "

9.00 Inside Story.

9.45 Verse, Worse and Baby
Grand.

10.15 Return Call to Brass
Tacks.

10.30 Wimbledon Match of the Day.

NEVHLE CALLAGHAN, horses from Lambourn in Berkshire on the fong baul to Moment Of Weakness, a con-

Dothy meeting.

Lester Piggott will be Windsor this evening to ride Chambre Native in the Pall Mail Stakes (8.05). Though this American-bred cold is required to 'give weight to the other runners, he is likely to retain his unbeaten record. Old Dominion: a shade nnlucky at Bath the other day, is nreferred to Murmansk in the

Marble Arch Maiden Stakes

Ambier, who deseves a reward for consistency looks best Edinburgh, all to be ridden by in the Motorway Handicap his occid apprentice, S. Eccles. (7.35). And Maide Pool, sugar obvious chance of winning— can carry a 7 lb penalty to success in the Hearrow Randirincing winner at the Epsom sap (8.35). NOTTINGIAM

3.15 Fashion Club\* 3.45—Solar Heley 4.45 Mendelia EDINBURGH 4.00 Momen Of Weaknesses.

WINDSOR 6.45-Old Dominion 8.05—Amble\*\* 8.35 Maide Pool

### More vessels use Sheerness

THE NUMBER of deep sea one ship per my. Cargoes inversels using the deep water cluded forest products, wine, terminals at Sheerness Docks, fruit, meat containers and Kent, rose considerably in the cars.

terminals, an average of almost

CHANNEL

GRAMPIAN

8.30 am First Thing 9.35 The Lest lelends 10.00 The Rell Herrie Show, 110.30 The Best of Leural and Herdy, 1:20 pm Grempler News Headlines. 2.00 About Britain. 2.20 The Reyel Show, 5.15 University Challengs. 9.00 Grampian Today, 8.05 Cover To Cover, 10.30 Reflections, 10.35 The Monady Thirilles: Forsign Intrigue, starring Rebert Mitchum, 12.25 am Grampian Late Night Headlines.

GRANADA"

GRANADA

1.20 pm Certeen. 2.00 Monday
Mardnee: Jack Lemmon and Remy
Schneider in Goodnight Neighbour
Sam." 5.10 The Undersas Adventures
of Captain Name. 5.18 Cressroads.
6.00 Grenada Regorts. 6.30 Get Some
in: 10.30 Reports Politics. 11.00 The
Menday Thriller: "Quincy."

HTV

six months. 9.25 The Monday Film: "They Points West (Bristol): South and 2.26 Carton Time. 2.30 The Call Me Mister Tibbs," Today (Southampton): Spatight Starring Sidney Pointer. South-West (Plymouth). 11.00 Feature Film: "The Spirel Stair-11.00 Tonight. Without HTV West—It HTV General Services excent: 1.20-1.3: pm Report Wast Head-lines. 6.22-7.0: Report West. case." Starring OarOthy McGuire, George Stent and Ethel Sarrymere. 12.25 am Reflection.

SCOTTISH . All Regions as BBC-1 except at the following times:—
Scotland — 9.50 am Magic Roundahout 9.55-10.00 Jackanory.

10.10 Don and Pete. 10.15 Desert Adventure. 10.49-11.00 Take Hart.
5.55-6.15 pm Reporting Scotland.
11.50 News and Weather for 10.50 Incide Store

11.00 am Play Scbool.

11.00 am Play Scbool.

12.30 pm Grange Hamilton IV. 1.20 and Grange Hamilton IV. 1 and Roed and Weather. 2.00 About Alltain. 2.30 The Royal Show. S.15 Popeva. 6.20 Crossineds. 6.00 Scotland Tody Summer Extre. 6.30 Crimedesk. 645 Soonds. af. ... Nickis Lee. 10.39 SV Documentary enother Opening, Another Shew. 11.39 A Question at Sex. 12.15 am Late Call.

The roll-or roll-off ferry

SOUTHERN. SUUTHERN

1.20 pm Suthern News. 2.00 Houseparty. 2.27 Cerroon. 2.30 The Royal
Show. 4.2 Clapperbeard: 5.15 Batty
Boop. 5.2 Crossroads. 6.00 Gav Sv
Osy. including Southeout. 10.30
Southern lews Extrs. 10.35 Investigation
Road. 1125 Police Surgeon. 11.30
Scena in Profile 1 (South East Bres
anty). 1200 Ferm Progress. 1.20 pm Channel Lunchtims News and What's On Whate. 2.00 inside Susiness. 2.20 The Electric Theatre Show. 13.00 The Monday Matines: "Oowbis cross." S.16 University Challenge. 6.00 Channel News. 5.10 The Savarly Mibbillies. 10.28 Channel Late Nows. 10.35. Werhords of the Britons. 11.20 Fontusy Island. 12.16 am News and weather in Franch, followed by Channel Gezette.

Anty). 1200 Farm Progress.

INE TEES
9.25 an The Good Word, followed by North East News Headilnes. 1.20 pm North East News and Lookeround.
2.00 Modey Mathres — Genghis Khan." atterting. Omer Sharil and James Nason: 5.15 University Challenge. 800 Northem Lile. 10.30 Cesh and Conpany. 11.30 A Question of Sex. followed by North East News Headline. 12.15 pm Epilogue. ULSTER

1.20 m Lunchtime. 2.00 The Enter-tainers. 2.30 The Royal Show. 4.18 Uister Iewe Headlines. S.IS Cartoon Time. 5.20 Crossroads. 6.00 Uister Talevison News. 5.15 Fémily Metters. 8.30 ha Mely Tyler Moore Show. 10.30 Vandey Mevis: Mellary. 12.00 Bedline. WESTWARD

12.5 pm Gus Heneysen's Sirthdove.
12.8 pm Gus Heneysen's Sirthdove.
12.0 Vestward News Headlines 2.00
Inside Sasiness. 2.30 The Electric
Thuete Show, 12.00 The Menday
Matine: "Doublecross," sterring
Ooned Heuston. 5.15 University Challenge
16.00 Westward Olery and
Spocs Deak. 10.32 Westward Line
News. 10.38 Westward Line
News. 10.38 Westward Line
News. 10.38 Westward Line Ooned Haustos, 5.19 und Olery and langs 6.00 Wastward, Olery and Soots Denk. 10.32 Westward Lene Naws. 10.38 Wathers all the Britans. 11.28 Fentiary laised. 12.15 em. Faith far life. 12.20 West Country Westher. Shiping Forecast. Wrath of God." starring
Robert Mitchum and Rita
Hayworth.

1.25 Repert Wales Heedlines. 2.00

12.30 am Close: Personal choice
by Kenneth Connor.

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ANGLIA

ANGLIA

1.25 pm Anglie Naws. 2.00 House
Newyddion Y Dydd. 2.00-2.30 Hamddan.

120 pm Calendar News, 2.00 Andy, 2.3 Tha Royal Show, 6.18 University Challengs, 5.00-, Calendar (Emiss Morrand Belmont additions), 10.30 That Calendar Question; 11.00 Airney, Miler, 11.30 A Question of Sex.

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DRAMA AND REVELLED IN THE
COLOU'S AND LAYERS CF ITS LANGURGE BODIES STILL RAISES ECHO
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HEATER ECHO IN OUR MINUS AND
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**ACROSS** 26 Tale about Frenchman could be violent (6) 1 Drink for each meal (6) 4 Three times as much rubbish DOWN left inside (6) 1 Slip left in team (5) 3 String instrument with note 2 The French panic badly over defiled (7) 9 East German in mature 4. repartee (7) a bird (7) with rapturous delight (9) Et Trading in song and cheerful 5. Wet weather for soldiers in about it (10) Yugoslavian capital (5)

Came on stage and filled

Serve a summons on crowd surrounding Officer Commanding (7)
7 Unusual exit terms for

manding (7)
7 Unusual exit terms for radical (9)
10 Confounded by alternative arrangement (9).
13 Attendant about to set fire to vicar's home (9) to vicar's home (9) . 15 Instrument to give effect to

20 Exchasive type of fish (4)

15 Instrument to give effect to
21 Upper part of church sounds

16 Ike an obvious tale (10)

17 Mean to state how old one is
22 Article between two vehicles
23 In mobile home (7)

24 Appropriate wear for walk
25 Former eastern politician

26 Former eastern politician

27 Embrace Pole and appland

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22 Embrace Pole and appland

23 Band Sound (6)

24 Ebstance Pole and appland

25 Ebstance Pole and appland

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RADIO 2.

RADIO 1

2 693kHz/433m 4 200kHz/1500m 2 909kHz/330m 4 32-85vin London Broadcasting: 1151kHz, 251m & 97.3vm 2,02-5,00 am You and the Night and the Mosle with Patrick Lunt (S).

88C Radio London: 1458kHz, 206m & 94.9vhf

Capital Redio: 1548kHz, 194m & 95.8vM

2.02-5.03 am, Tou and the Night and the Mosfe with Patrick Lint (S).

RADIO 3
6.55 em Weather, 7.00 News, 7.05 Overture, part 1 (S), 8.00 News, 8.05 Overture, part 2 (S), 9.00 News, 9.05 This Week's Composer, Mendelssohn (S), 10.00 Talking About Music (9), 10.30 New and Then (S), 11.50 SSC Northern Symphony Orchestra, (5), 10.50 News, 1.05 SSC Northern Symphony Orchestra, (5), 1.00 pm News, 1.05 SSC Lundrims Concert (S), 2.00 Music For Organ (S), 2.40 Marines Musicals (S), 3.40 New Records (S), 6.25 Horseward Bound (S), 5.45 News, S.50 Horseward Bound (S), 5.45 News, S.50 Horseward Sound (S), 8.15 At Horns (S), 7.10 Schubert's Wanders Fantasy (S), 7.10 Schubert's Wanders Fantasy (S), 7.30, The Act of Benc Sisthut, 8.00 Bruckner, Symphony No. 7 (S); 9.16 On Leadership (talk by Lord Trend) B.30 Music From India (S), 10.30 What The Papers Seld after British declared war on Germany on Sentember 3, 1939, 10.45 Music From India (S), 11.55, 11.25 Jezz in Britain; Peter Brotzpann, Harry Miller, Louis Moholo (S), 11.55, 12.00 News. 5.00 am As Radio 2 6.00 bave Lee Travis. S.00 Simon Bates. 11.31 Pauf Burnett. 2.00 pm Tony Blackburn. 4.31 Pauf Gembeccini, 7.00 Staylor. Aliva. 8.00 Andr Peehlas. 9.50 News-best. 19.00 John Peel (8), 12.00-5.08 am As Radio 2.

Achives, 9.00 News, 0.05 Start the Wesk with Richard Baker. 10.00 News, 10.05 Wildlife. 10.30 Oally Service, 10.05 Wildlife. 10.30 Oally Service, 10.05 Middlife. 10.30 Oally Service, 10.05 Mording Story. 11.00 Roger Ceok Reports. 11.45 Listen With Mother, 10.00 News. 12.02 pm You end Youre. R.ZZ Brain of Britain 1979 (S). 12.55 Wasther, Programma News. 1.00 News. 1.00 News. 2.02 Women's Hourtest. 2.06 News. 2.02 Women's Hourtest. 2.06 News. 2.05 Attention Theatre. 1.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Wasther. Programma News. 6.00 News. 6.30 I Uke Sijke (S). 7.00 News. 7.05 The Archers. 7.20 Ftom Our. Own Correspondent. 7.25 The Monday Play: "Hadrian VII" by Peter Luke (S). 9.32 Kalaldoscope. 9.59 Weather. 10.00 The World Tonight, 10.30 Conversation Piece with Ronnie Carter, ertist-Neckanith. 11.00 A Book at Bedtime. 11.15 The Finencial Warld Tonight. 11.30 Today In Parliament. 12.00 News. BBC Radio London

5.00 am As Redio 2 6.30 Rish Hour.
9.00 London Lim. 12:03 pm Call In:
2:03 206 Showcase. 4.03 Homa Run.
6.10 Lost, Stas, Listen. 7.30 Black
Londoners. 8.30 Srakthrough. 10.03
Lata Night London. 12:00 As Radio 2.
12:05 am Quequon Tima Jrom the House
of Commons: 1.05-5.00 Join Radio 2. London Broadcasting 5.00 em Marning Music. 5.00 The AM Show. 10.00 Brian Hayes. 1.00-5.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio \*\*S.00 am Sratkhat Show (6). 8.00 Michael Aspel (S). 12.00 Dave Crsh (S). 3.00 pm Roger Scott (S). 7.00 Landom Today (S). 7.30 Spern line (S). 9.00 Your Mother Wouldn't Like. It (S]. 11.00 Late Show (S). 2.00 sm (S-pht Flight IS).

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### Christ Church, Spitalfields

# Jeontha

by MAX-LOPPERT

Though Handel always claims which the predominant sombre-the place of honour in any ness of the music is relieved, festival of English music, his it obscured much musical and the place of honour in any ness of the music is relieved. Restrict of English music, his is obscured much musical and last oratorio was an odd chalce verbal detail, and much of of work in close the restrict of Habdel's extraordinary in the English Music in which the 250 mile sophistication. Choral years of existence of Christ words were almost entirely lost. Chusch Spatishelds, have been of the soloists mily Sarah celebrated. The figure of the soloists mily Sarah walker's Storge (a performance of remarkable strength in masteriete is that mans submission to the respect of fate in the secret of fate is soft in the contract of fate were able to make telling use of Morell's text. Familiar, much loved instrumental felicities, such as the syncopating strings in the duet for Iphis and Hamor, or the carolling flute in Time the soft melodious line is now interested by a steadier, weightier view of the work than the opening words of the counteracted by a steadier, weightier view of the work than the one taken by Mr. Hickox and the Stagars and Orchestra that hear his name was well attended and enthusiastically received Handel and Hawks moor made an imposing com-

that bear his name, was well ness of approach and a blur of strended and enthusiastically sound; even such an aria as received. Handel and Hawks Jephtha's "Waft her; angels" moor made an imposing combination, setting each other off (Was the monumental, conin ways that added contrast and sciously "late work" manner variety to the occasion. The of giving the work in discredited intriguing quickiness of the times past wholly wrong?) For church exterior and the darkly all this, it was a reading of dramatic guality of its interior provided a striking background sively careful preparation for a work sterniy simple in Robert Tear took the title part, outline, fing in texture, and in uneven voice; the metal in exquisitely spare in rolouring. Felicity Palmer's soprano and exquisitely spare in rolouring. Felicity Palmer's soprano and An one way, the church was its increased amplitude now sinkelplul in focusing attention make her a less than ideal on Handel. Though the ripe choice for the virginal lphis resonance composed a sound Both sang with intense convictions of splendour for the tion; both, despite their faults, warlike and lubilant moods in were very moving.

### Elizabeth Hall

# Punch and Judy

by DOMINIC GILL

Punch and Judy is Harrison not, even where a sudden mirage Birtwistle's first and so far his of lyrical tenderness, quickly only performed opera commiss vanishing would try to persuade sioned and given by the English us otherwise; a single moment opera Cronp at Aldeburgh in of relaxation or rest. 1968. Andrew Porter called it, it is a difficult acore: tough their on this page also "the first" is listen to, fough to play. Every misdern English opera an element is stretched to break opera created by kinds of thinking point; busy almost (but not ing more familiar in a small quite) to the point of confusion, concert hall, in the contemporary is demons almost opaque, its

a vivid and exciting work-and London Sinfonletta that they

work: but it is a piece that fasci-

concert hall, in the contempo its denseness almost opaque, its rary theatre and modern dance violence almost painful. Birthrovement, than in our tradition bound opera houses, which premiere but heard a tape of the angle to create their source opera afterwards, which made a strong after the event. A collective generalisation of known, familiar operas, which though then mysteriously vanished the linear after them, would give from the repertory of both the linear of having been theatre and concerthall it is written before them.

In: 1968 I found the signiit is much to the credit of the figure of this very odd conceit London Sinfonletta that they obscure the thread of Pruslin's chisa to revive it in concert argument is clusive on paper-performance last Friday after what illusion ?—and in per-so many years: formance barely perceptible. Vivid and exciting and pass Perhaps the answers, like the ing strange. It is not a likeable questions, may be irrelevant: but it's a shame nonetheless, nates as it unsettles, rewards as and indeed still a basic flaw of it also discomforts. The scoring, the piece, that the individual for 14 instruments and two busy words of Pruslin's text-weird, percussionists, with six sold rich and evocative enough to voices, is harshy laid out in justify the clearest projection—the manner of the early Birt, are rarely comprehensivle withwistle of Tragoedia (which was outlibretto in hand. The pera "study" though little material formance under David Atherton was actually exchanged for was a triumph of energy and Punch) Brasses bray, percus clarity, the six soloists, Brynsions shap, voices sneer cry out Julson, DeGaetani, Langridge, in anguish, strings and reeds Roberts, Wilson Johnson and Jizz with tension and conflict. Tomlinson, rese to their in the whole of Punch's one individual challenges all with hour and 45 minutes there is eagerness and eloquence

64 entrants for plano competition

Young planists from as far ber I in London and Newport, afield as Canada and Japan are with second and third rounds scheduled from October 4 to 7 among the 64 entrants in the first Newport International in south Wales.
Plano Competition spansored The winner of the competition jointly by W. H. Smith and will receive 2500 in prize money Standard Telephones and thus the offer of public engage. tandard Telephones and plus the offer of public engage-ables ments, with another 1300 to be Preliminary auditions will be given to the secondulate plants

held on August 31 and Septem and 6200 for third place



The South Bank as it is envisaged

Architecture

# A cure for the South Bank

by COLIN AMERY

How many Londoners can rocky landscape. Elegant glass lems of the erea. No amount is an Exhibition Ground and remember dancing on the Sputh conservatories could be huilt of dense planting will ever conservatories that around the edges of the concert ceal the fact that the Queen standard of the urben speces which ends with the rain-soaked crowds dancing away the last A pub and reataurant is an Exhibition Ground and adopt some urban velues. The standard of the urben speces should be at least as high as those of the Rockefeller Center buildings. It is hard to see in New York. South London is not the Costa Beauty and the Costa Beauty a crowds dancing away the last minutes of the 1951 Festival of Britain to the strains of Geraldo and his orchestra. That party has been over for 28 years and somehow thet warm Festival spirit has never returned to the Sonth side of the Thames. If you walk across Hungerford Bridge to day to go to a concert the wonderland bas vanished. Dreary ecres of stained concrete and windswept terraces are the uninviting surroundings of London's cultural centre.

Today a small exhibition opena at the Royal Festival Hall and runs until July 11 to show aome proposals designed to reinvenate the surroundings of the concert balls and the Hayward Gallery. The exhibition is organised by the Architectural

Review, that tireless campaigner for the improvement of our surroundings, and consists of a series of lively drawings by Kenneth Browne that demonstrate a variety of ways the

A pub and reataurant is planned of the bleak terrece to the west of the Queen Elizabeth fall which would have splendid views of the river. The road between the Royal Festival Hall and the river should be removed, according to the Archicciural Review, and trepleced by lush gardens crossed by broad stairways. A shipimusenm, perhaps ways. A shipmusenm, perhaps the Discovery is moored by the embankment, inother ship/puh would also be a good idea. Perhaps the nost controversial proposal is for flats and craft workshops to fill in the dank undercroofs of the two main hridges, and for two ranges of houses to be huit in front of the Shell Tower. Shell Tower.

The principle hebind all these proposals is a sound one. Because there is too much

Kenneth Browne's drawings any prchitectural altarnativea. The area desperately needs to be built up with courts, arcades and squares thet will provide the aense of shelter and enclosure that the South Bank needs. The Architectural Review has rightly revealed the desolate nature of the site but its remedies are too timorous.

The South Bank is a classic example of the modern archi-tect's haired of the street, and some drastic and serious urban design work is needed to knit the area back into the urben fabric. To start the process it would be a good idea to con-sider our miserable climate. The National Theatre already shows us the way hy its generous provision of strikingly designed foyers that are open day and night, that give views of the draughty open space (six and river and yet are warm and a-half acres) on the South Bank civilised places. Look at the there is a great feed for more North American cities that pro-

not the Costa Brava, It is a wet, windy, rivery kind of place with the most marvellous views of the rest of London, that could well provide the focal points of a new urban plan. The other thing that is wrong

with the South Bank is that it is so municipal end Puritan. If the spirit of Soho could be lured to cross the river what a different place it would be. There's not enough sin on the South Bank. How can this deadly cultural pretension be shettered? The enswer is not easy and this little exhibition has made a brave start. It would he sad if no action followed and these modest proposals were filed away in County Hadl. I am convinced that there is room to build a small new town on all the vacant spaces and it should be very bigh density and selfconsciously urban. A great mistake in the past has been to place could be cheered np.

buildings. These exhibition provide so much indoor and outthink of anything on the south
posals do not really go far door public space around their side of the Thames as the
series of limpet-like extensions enough because they do not new buildings. The South Bank suburbs when it should be
to be grafted on to the existing grasp the architectural probshould stop pretending that it London's Left Bank.

### Christ Church, Spitalfields

# Vishnevskaya and Rostropovich

by ELIZABETH FORBES

How the Spitalfields Festival of English Music justified the inclusion of a recital of Russian emotions were provided by ality, Rostropovich was an equal aongs in its programme I have Rimsky-Korsakov's setting of partner with his wife throughno idea—the district has bed Pushkin'a poem "The clouds out the recital. As the only enstrong foreign connections since part" and by two Chaikovsky core, Vishnevakaya geve, un-Huguenot weavers from France fascinating exhibition. The Story of Spitalfields, mounted inside Vishnevskaya and Galina'-Mstislav Rostropovich needed no justification.

The Russian soprano was in magnificent voice, the tone vibrant and secure—her rocksteady, long-held soft notes were an especial joy not only in the powerful middle register but at the top as well, while her intensity of concentration held the audience spell-hound despite the language harrier. Indeed, with such expressive singing no such barrier existed. The more dramatic songs suited her best, bnt she could also sustain a lyrical mood without difficulty. while investing the lighter settings with the high spirits of a playful tigress.

songs, "If I hed only known settled there toward the end of (A. K. Tolstoy) and "Why?" the seventeenth century, as a (Mey'a translation of Heine). composer's The latter composer's "Serenade"—a, setting of "O The Christ Church, graphically my child beneath your window demonstrates—but in any case by the Grand Duke Konstantin. Friday evening's appearance by austerely named in the programme as K. Romanov benefited from an admireble delicacy of approach, while Glinka's "I remember the wonderful moment" and, in particular, his song "The lark."

> tone and phrase. "Katerina." a folk me by Prokofiev, introduced a firtatious element while Ramaninov's "Rouge on the pel face" inspired e splendidly his jonic display of injured innience. The setting of Pushkin's estel-gic "Oh never sing me again," also by Rakhma drew a striking response the singer and also gave the pianist a chance to

both had an elegiac heavty of

Fine examples of the Though he suppressed his "A song of autumn" and "The dramatic handling of powerful normal exuberence of person-poet's life." Bridge's forthright accompenied, Lyuha's song from Rimsky-Korsakov's opera, The Tsur's Bride. It was a magical ending to the evening. Eerlier on Friday. Helen

Walker gave a lunchtime recital of English songs. Her hright-toned voice and nest phrasing showed to advantage in Elgar's

Louis Armstrong anniversary concert

The tenth annuel Louis Armstrong concert takea place on Salurday, July 7, at the Festival Hell, starting at 8 pm.

Heading the bill, as they did et the first concert in 1970, will he Humphrey Lyttelton and Alex Welsh with their hands. Guesting with the Welsh hand will be trumpeter Digby Feirweather, while American singer Joe Lee Wilson, who now lives in Brighton, will eppear with ductions. ine. the Lyttelton band.

W. H. Auden. John Alley ws: her dependable, helpful pianist. Moshinsky agreement. with Royal Opera

Love went a-riding " was more

convincingly expressed than

Warlock's rapt setting of "Late

summer" or Vaughan Williams' ecstatic "Silent noon." Though

the apprano enunciated "The

bold, unbiddeble child" by

Stanford with commendable

clarity, she did not make quite enough of the words in Berke-

ley's settings of five poems by

Elijah Moshinsky, whose new production of The Roke's Progress opened at Covent Garden on June 18, has signed a five year agrement with The Royal Opera. Between 1979 and 1984 he will be responsible for several new productions, the first of which will be Verdi's seve the abow, it has been disrevivels of his own existing pro-

**Zurich Festival** 

# Schoenberg and Schoeck

by RONALD CRICHTON

The major Swiss festivels, gaared to the higher echelons of tourism, are conservetive. Even so, if one studies the brochures carefully (they produce them sooner and print them hetter than most countries) one can usually find musical events with programmes unusual enough to deserve the name of enough to deserve the name of festival. On two consecutive evenings this year Zurich showed ways of doing thia. First, by providing a slap-up per-formance of a big, late-romantic

work which for economic reasons will not often turn up. Schoenberg's Gurrelieder presumably need not cost more than the bngest Mahler symphonies, but organisers still fight shy of the score on practicel grounds. The orchestra is *Elektra-sized*. A large mixed chorus is required but only fully employed in the short final section. Otherwise only the male half is, briefly, involved. The soprano and mezzo soloists, who need strong casting, disappear after the interval.

But what rewards there are

in a good performance!. The Gurrelieder, most accessible of Schoenberg's larger works, pose no problems to the ordinery istener. The music, composed in the first years of the century but not fully orchestrated for a decade reveals, as everyone points out, something of the composer's radical evolution during those years. But why should not a piece of music of this length he heard to evolve? In any case the final supriseblaze of choral sound effortlessly recaptures the pegan innocence and direct sensuality of the first part's love musicthis is the world not only of Mahler hut of Zarathustra and the Mass of Life, also, on a scale and intensity which would have horrified Debussy, of Pelléas when he lets fly in the fourth act of the opera.

Gerd Albrecht wes in cherge of the Tonballe Orchestra and of eboruses from the Engadine and Küsnacht. The Zurich Tonhalle is e splendid, sympathetic hall of ronghly the same archi-tectural and acoustical vintage as the Musikverein in Vlenna and the Concertgebouw in Amsterdam. Good orchestral playing in music of this type sounds gorgeous, but in spite of the resonance carefully-worked, tendrilly detail of the type in which the Gurrelieder abound rome through elearly. The chorus, when their time arrived, sang with full commitment even though, to ears fresh from the Leeda Festival, the tone was love in the steamy eimosphere. mall for the numbers. Schoeck is not entirely rove and Weldemar, wood neglected, little though we in small for the numbers.

maiden and kingly lover, were sung hy Rose Wegemann and Wolfgang Neumann (Peter Hofmann had been announced). She was strong, dependable, not particularly winning, unable entirely to-banish memories of Janowitz at a Vienna Festivel performance under Krips some yeers ago. He was effective in the dramatic peges such as part two, less persuasive in the lyrical ones-most of the yeerning in the phrase "Du wunderliche Tove" came from the orchestra. The wood-dove's scene was strikingly given by Brigitte Fasshaender with plangent cries of "Weit flog ich, Klage aucht'ich, fend ger viel." heard on its own. Gert operes?

Westphal, distinguished actor from the Zurich Schauspielhaus, showed that the "Summerwind" recitation with its marvellously subtle, scurrying accompaniment, deserves the same tribute. Most enjoyable. As German colleagues would say, the applause would have no

The second occasion, actually first in point of time, was a special concert of the chamber muaic of Othmar Schoeck, given on a hot and humid evening in the intimete music-room of the Stadthaus. full to suffocation. But worth it, in spite of discomfort. Schoeck, a Swiss near-contemporary of Schoenberg, usually proves worth while on the occasions when his music is. played. He spent some years in Germany as a pupil of Reger, whose chromaticism is about as far down the road of "progress" as Schoeck cared to travel. Otherwise he did not seek international acclaim like. Honegger or Martin but stayed in his own country weaking. in his own country working quietly and productively. He, had his own things to sey in: his own way, with fluent, adaptable technique and abundant lyrical invention.

The centrepiece of the recitalwas the String Quartet in C, deting from 1923, the second of two. Five movements, of which the second has a winding, melaneholy strain over rustlingmoto perpetuo. Much else in the work is Regerish in barmony if not in density of texture. But well as he wrote for instruments, Schoeck's particular pro-vince was the humen voice, and the rest of this programme was drawn from his large output of Lieder, with emphasis on hia settings of Hermann Hesse in-cluding the Ten Songs op. 49; of which "Mittag im September." "Pfeifen" and "Für Ninon" gave special pleasure.

A little-known fairly late work (1944) was the Spielmanus-weisen for voice and herp, settings of verses by e neglected poet, Heinrich Leuthold, recommended to Schoeck by Hesse. The short cycle of six songs. lasting for ten minutes, is continuous. Beginning and end ere in minstrel style like a sophisticeted Immortal Hour. In be tween, more remote paths are trodden. Julia Juon, e useful mezzo, and the tenor Kurt Huber, were the singers. They,

England mey beer of him. Much of his music is in print. There are recordings, including the striking opera Penthesileo (on German Harmonia Mundi) reviewed here not long ago. Werner Vogel has published a useful hiogrephy and an in-valuable Thematic Cetalogue (both Atlantis, Zurich). The concert described was given jointly by the City and the Schoeck Society. The letter, like other worthy essociations of the kind, presumably has limited resources. On the official, interoctional level the Swiss don't appear to do much to help their composers. When, I wonder, did the Zurich Festi-This episode is fairly often val last mount one of Schoeck's

### Crawford's offer to save show

Michael Crawford, following the announcement that his new musical Flowers for Algernon is to close in two weeks, offered to work for nothing to try to Machelh, conducted by Riccardo closed. He, co-star Cheryl Muti, in 1981, as well as the Kennedy and the rest of the cast were told thet the £200,000 production was to floish its run shortly.

Crawford then told the menagement he would give up his fee to help keep the show going. The rest of the cast, he said, were "marvellous" aod offered to do the same.

Producer Michael White and the costs of presenting a musical in London were so high that a show had to be an immediate

TENNIS BY JOHN BARNETT

# Calm should follow first-week carriage

Jimmy Conners (they contested the last two finals here) should

prove this year's champion. The failure of the No. 2 seed, John McEnroe, on Saturdey beaten 6.4.6.2.8.4 by the right 4 6 2 8 4 by the resu-Tim Guilikson was as un-expected as it was dramatic One problem for the seeds the second week where the playing on the outside courts is winners have a day's rest the greater intimacy of the setting where spectators are literally at the court-side The

No 2 where the nostile crowd played an important part

the expected meeting on Thurst the undoing of many great year) Billie Jean King.

the expected meeting on Thurst the undoing of many great year) Billie Jean King.

the between the players They all know that to Despite her success champion. Blorn of survive two or three close year-old Tracy now on possedent and his American rival, matches against opponents who ance, the world's this ingly clear that the winner of to a crowded schedule, has been

This, plus the fact that the men's game has never been stronger in depth, is the reason why so many apparent upsets occur. Now that we have reached the calmer waters of between matches, form should hold more true.

The first women's quarternoise distractions and even finals today is between Virginia personal abuse are all much wade and Evonne Cawley more upsetting. This dearly was They have not played before too much for McEnroe on Court this year, but the Australian had two victories last year and leads 25-8 overall. Even if Miss Wade It usually takes even the most, serves as well-as she did in gifted player two of three years winning the centenary cham-to learn to overcome the extra plenships in 1977. I doubt

AFTER THE carriage in the combe, who won the singles match will be an intriguing ling Laura Dupont on Saturdy men's singles during. Windle three times, failed to get past don's first week in which ten the second round on his first six of the seeds failed to reach visits the second round on his first six terday confirmed her fitness in confident. In her four match a good work-out with her so far she lost only 19 game from the round it became increas week, particularly if rain leads the match will be an intriguing ing Laura Dupont on Saturdy first contest between fourth-seeded Tracy Austin, who yes terday confirmed her fitness in a good work-out with her so far she lost only 19 game hrother John and that great past and no sets. champion (seeded No. 7 this

> Despite her successes, 16year-old Tracy, now m performance, the world's third-best are on a hot streak needs a woman player, will find the little hick, as well as consider- psychological pressure Mrs. Able skill.
>
> King exerts on her opponents a formideble barrier.

On Court One Martina Navratilova, the defending champion, has probably the toughest opponent in the lefthanded . Australian. Fromholtz.

Costa in the spring, Miss From- and I believe he may emerge holtz acored ber third victory against Miss Navratilova in 13 meetings. She knows she can beat all the top girls, and might easily pull off an upset today. I doubt, though, whether she could repeat the process three matches running to claim ber first Wimbledon title

Finally, Mrs. Chris Lloyd pressures which Wimbledon whether the rest of her game abould increase her victories. The prospect of upsetting his alone of all the great champion is sufficiently reliable for her to over Australia's Wendy Turo-country's No. 1, Jimmy Connors, ships exerts. Even as great a score a minit win.

bull to 10. She has never lost will fire Bill Scanlon, the U.S. past champion as John New. The second Centre Court to the Australian and in defeat. No. 18, with enthusiasm. He

be played tomorrow, offer th chance of fame for four me who have never been in a Wim bledon semi-final. Adrian Panatta, who has emerged from the Arthur Ashe quarter, plays only No. 43 nationally, and the America's Pat Dupre, ranke outcome is anyone's guess. Dupre who dismissed Vites Gerulaitis, the No. 4 seed, lest Monday, to start the run of shock results on Court No. 2.

His 8-6 fifth set victory over Bob Lutz, the No. 9 American, The last time they met, at La shows he is still full of fight, to the last four. If he does, he might play Gullikson, who has a 2-0 edge

on Roscoe Tanner, the No. 5 seed. However, Tanner has been in a Wimhledon semi-final before and may yet defeat Gullikson on the strength of his fierce serving and greatlyimproved groundstrokes.

has lost three times to Connors before, and will probably do so again, but his heautifullybalanced game may give the No. 3 seed some serious problems.

Borg should repeat his semifical win of last year against the evergreen Dutchman, Tom Okker, who carries his 35 years lightly, as be showed in beating Gene Mayer in four sets on Saturday. . However, it will be a different

matter facing the hammer-

blows of the favourite. Whatever the rumours about his itness. Borg maintains that be s feeling perfectly fit. Okker's ame, delightful though it is to atch, is too lightweight to hurt fit and confident champion. The best of the world's ungsters, who competed in junior event this week, have ready enjoyed a week of ass-court tennis at the adjat Wimbledon New Zealand b, where BP-Pepsi Bowl is were played yesterday. mers were Alycia Moulton, beat fellow-American Mary Piatek, 6-4, 6-4, and the South African, Schalk ven Merwe, who served too rfully for Australia's ael Fancutt for a 6-3, 7-5

U.S. SOCCER BY BEN WRIGHT IN NEW YORK

# Cosmos hot seat empty

whether the New York Cosmos can become the best soccer team in the world, as is the avowed intention of the triumvirate of show-business moguls who own and run the champions of the 1977, and fired last month. North American Soccer League. But if an open chequebook

can accomplish such a feat, and buy sufficient loyalty at the same time, then Steve Ross. chairman of the Board of Warner Communications, and his two aides, the Turkish brothers. Ahmet and Nesuhi to two successive NASL cham-Ertegun, immensely profitable records division at Warner, may well matches and lost 28. pull it off.

Giants Stadium run to some- by the fact that, following bis Cosmoa are creating records at attract world class coaches in each atep.

Yet receipts at the first home match just \$86.

IT REMAINS to be seen ing. Three coaches, one general consider the roster of stars he manager, one president and about 30 players have been disposed of, mostly summarily. Tha last coach to go, Eddie

Firmani, was hired on July 7. When Firmani left suddenly, the team had won nine and lost only two of its matches in the 1979 season, and was well ahead of the Washington Diplomats in the Eastern division of the National Conference. Firmani bad steered Cosmos who run the pionships; while be was in charge of the team it won 92

That Firmani's task had been Averaga gates at home at the an impossible one is suggested where between 60,000 and sudden dismissal, Mr. Ross and droves, having left Prof. Julio when the Ertegun Mazzei and Ray Klivecka, Fir-Ross to buy the Cosmos for come forward to volunteer for \$25,000 in 1971, the gate the hot seat.

terms has been deeply disturb- having done properly. But just \$1,600,000.

was attempting to control. Pele, signed four years ago on a three-year contract for \$4,700,000, has now returned to his native Brazil. But his telling presence is still felt, and it was he who signed his compatriot, forward Francisco Marinho, Firmani knew would set disciproblems, \$250,000 contract when Firmani himself was in Europe. Franz Beckenbauer, captain

of the West Germen World Cup winning team of 1974, was scooped from Europe on e four - year contract worth \$2,400,000. Giorgio Chinaglis, a brillient striker, was lured from Italy on a aix-year contract worth \$1,300,000. Dennis Tueart came from Manchester City for three years for \$500,000. Yugo-70,000 and on the road the the Erteguns hed hoped to alevia's Vladislev Bogicevic wes signed for three years for \$450,000, as was the veteran Brazilian defender Carlos brothers, soccer fanatics both, mani's assistants, temporarily Alberto, a member of hia received the blessing from Mr. in command. But no-one has yet country's World Cup winning team of 1970.

The Dutch defender. Wim And hot seat it is. Firmeni Risjbergen, came over earlier thereafter at shabby Randall's would have had to have known this season, also for \$450,000, Island, New York, amounted to no fewer than ten different lan- while his countryman, mid guagea to have communicated fielder Johen Neeskens, arrived Over the past three years, totally with all his players, just over a week ago on a fivehowever, the turnover in human which he was accused of not year contract that will earn him

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Monday July 2 1979

# Learning the oil lesson

IS almost impossible to the present energy risis without a feling of dejo 34: we have been here before. is also difficult not to conclude that the lessons of 1973-1974 have been only partially learned. The crisis then came about because the Arabs were prepared to use the "oil weapon" in an Arab-Israeli confliet. It was an instrument for putting pressure on the western ddustrial democracies who also happened to be friends of Israel. At the sama time, it was a realisation of the oil prodincers' strength. Once oil prices were so substantially increased, bte producers became a considerable force in the world, and all the more so because everybody knew that they could raisa prices further reduce supplies—at any

### Fortuitous

The lesson that was learned then was that it was necessary to pay more attention to events in the Middle East with the aim of promoting an Arab-Israeli settlement Dr. Kissinger subsequently devoted a great deal of his time to Middle East diplomacy, and Presideot Carter has cootioued bis efforts.

It is also true that since the events of 1973-74 the Westero democracies have become rather more united. In those days the economic summit meetings feature of the international scene did not exist. The summits may not always live up to expectations, but at least they take place. They breed a babit of consultation and a will to take common action which wes not always there lo the past,

. Not least, the previous crisis led to a call for greater understanding between consumers and producers. As it bappened, the attempt to reach such an undestranding became bogged down in the wider issues of the north-south dialogue. In the end, it was largely abortive, but that does not mean that the objective was wrong.

The lesson that was not learned from the events of 1973-74. bowever, was a more general one. It was that the western world is too dependent on imported oil in any circum-stances, and that such dependence ought to be reduced. The present crisis came about not

proved right in saying that oil is a finite resource. It has been caused by an entirely fortuitous revolution in Iran. Yet if the west had concluded in 1973-74 that its consumption of oil must be cut whatever happened, it would be in a better position to cope with the present situation.

### Short-term

In other words, what went wrong in the past was a refusal to follow up good intentions proclaimed during a time of crisis when conditions returned to something like normal. The fact is that normality cannot be assumed to last indefinitely. The only safe guiding line is that dependence on imported oil is too great for comfort. Once the new crisis occurred,

there was very little that the industrial democracies could do about it in the short-term. They could agree to cut consumption, though they would probably have had to do that anyway even without a summit meet-They could promise to develop alternative sources of energy, and they could call for a new dialogue with the pro-ducers while warning that those likely to be most hurt by the new round of price increases are the non-oil developing countries. All that was done at the Tokyo meeting last week, and It is hard to see how anyone could

bave expected much more.

In practice, the decision to cut consumption in the shortwhich have become a regular term may be no more than a statement of the mevitable. It is quite probable that consump-tion will fall sharply as a result of a recession caused, at least partly, by the present level of OPEC prices. If that bappens, the natural consequence would be for oil prices to ease again. It is theo, bowever, that the Tokyo resolutions would be put to the test. Do the Westarr nations relax onca the immediate crisis is over, or do nations they stick to thair good intentions?

### End in itself

The fact that the Tokyo meet-ing agreed that limits should be imposed on oil imports up until 1985 suggests that this time it has been accepted that the real problems are long-term. If that is the case, some progress has been made. For the main lesson of this second energy crisis within a decade is that a reducpresent crisis came about not tion in the consumption of because of a renewal of conflict imported oil should not be made in the Middle East, nor because simply in response to eveous. It the Club of Rome has been should be an end in itself.

# Market forces at work

MRS. THATCHER'S economic tion to other workers. strategy is built on the hope that market forces, wheo left to do their work without Government hindrance, will succeed in steering Britain towards

THATCHER'S economic than to other workers.

But in this case, as in many others, there is also clear evidence that the workers productively is woefully low. Should the Post Office, there-

cess will be determined in the or should it be making post labour market If Mrs. Thatcher men redundant? The paradox fails, it will probably not be is only apparent, since, in the because of a new surge in in- long run, wages and producti inflation or an outburst of trade vity are inexorably linked. The union militancy. Her strategy most important opportuoity is more seriously threatened by that the new atmosphere of pervasive rigidities in a labour market that has been dominated ticular the Government's rejecfor decades by Government in-comes policies. These rigidities created is that of making this could now easily lead to further industrial stagnation and decline in Britain's living standards relative to the rest of the

### Task

The allocation of labour is the key to economic prosperity and efficiency. Britain's labour market is dominated by appalling imbalances in labour supply and demaod. The Post Office and London Transport blame their persistent problems on labour shortages, wbile even in London there is 3.5 per cent unemployment and while there are thousands of workers with appropriate skills living in the North on the dole. The Manpower Services Com-

mission has long waiting lists for its training places for brick-layers, while there is little demand for training in engineering trades, in spite of the fact tbat registered unemployment in constructioo is huge, while there are serious shortages of engineers in many parts of the country. Meanwhile, whole teams of the very craftsmen who are in sbort supply work together on tedious and unnecessary tasks because of restrictions on the methods and pace

Redressing some of the balances between labour supply and demand is now the most important economic task faciog Britain. The most obvious means is by adjusting relative wages. Mrs. Thatcher's rejection the basis of the demand for particular workers in particular markets and the value of the product they produre. If there prima facie case that their give Mrs. Thatcher's experiare inadequate in rela- ment a chance.

fore, be conceding higher wages economic prosperity.

It is an experiment whose sucin order to attract more labour economic freedom, and in parlink between wages and pro-ductivity explicit once again in collective bargaining. This will only happen, to the benefit of both sides of industry, if unions and management can divest themselves of the mental habits acquired through decades of wage negotiations dominated by the Government.

Trade unions and their members will have to realise that io future some of them will be getting big pay rises, while others get little or even nothlog at all. A combination of foreign competition and tough mone-tary policy with the low profits now being earned by British todustry may persuade many unions that flexing industrial muscle, while resisting produc-tivity improvements, will not

### Mandate

Managers' lives will also be more challenging, and tougher in a freer labour market. They will no longer be able to blame their own industrial relations failures on the Government, or to attribute production difficulties and stagnating productivity to incomes policies. They will bave to accept that productivity improvements normally have to be paid for. Shareholders sbould now put on them, not on the Government or the media, the responsibility of persuading their workers that higher productivity is in their own best interests, by devising wages. Mrs. Thatcher's rejection of incomes policies means that sultable incentives. If necessor once again he set on sary managers will have to appeal directly to their workers. over the heads of union leaders Thare is soma hope that they may be successful. After all a shortage of postmen in many trade unionists were London, for example, there is a among the voters who decided to

HAIRMAN Hua Gnofeng's state of the nation speech to the Chinese National Peopla's Congress—officially the blghest legislative body in the country—is a landmark in China's postwar history. Not for 20 years have the Chinese heard so blunt an appraisal of the acute economic difficulties they face, and of the limited advan-

short term. Since last December it has been clear that the leadership has realised not nuly that the olan which Hua announced in February 1978 for rapidly transforming China into a modern industrial state was impossible to fulfil, but that such fast growth risked a waste of resources and potaotial collapse similar to that which followed Mao's disastrous Great Leap Forward of 1958. Hua effectively shelved the plan be ontlined with such confidence last year —with considerable loss of face for himself and other leaders.

The holding of the congress

ces open to them at least in the

was an indication of a measure of agreement among the leaderabip on a sharp departure from Chairman Mao's radical and egalitarian methods of economic management. The full implementation of these new policies remains to be worked out. But Hua and other leaders have already spelled out with more facts and figures that bave been given since the 1950s what tha new strategy means in terms of investment, living standards and additional demands on the population. This in itself is a sign of a more open system of government. It is also reflected in the drawing up of a new institutionalised framework of law which the Congress

is expected to ratify. The promise of higher living standards to a people weary from years of domestic turmoil and of erratic leedership is central to the new economic strategy and is designed to prod them into more work end greater productivity. Hus claims that as a result of wage increases and bonus payments average earnings in state enterprises rose by 7 per cent last year over 1977, to a still low Yuan 644 or \$398. (The conversion rate of I Yuan=\$1.62 was used by the New China

### New emphasis on agriculture

Peasant incomes this year will goods or of food to the towns— bence the new emphasis on agriculture and light industry at the expense of steel and beavy engineering.

At the same time as holding out this carrot of higher living standards, Hua left little doubt that the three-year period of "readjustment"—as the years 1979-81 are now being called— will be a painful period for many Chinese.

If the leadership lives up to its intention of carrying through a major restructuring edmittedly large if — this will involve a settling for a temporary slower rate of growth, the shutting down of inefficient enterprises, tighter controls over expenditure, a shaking np of the administration that will threaten the positions of many loog-established bureaucrats, and the pruniog back of programmes lo the costly beavy industry sector. All would be part of an attempt to correct the distortions in an economy which has suffered from a overcumbersome centralisad administration and into which the leadership wants to inject more rational planning and some use of the market mechanism. Hua implied that if this opportunity was

Cotton

Electric power

Chem. fertiliser

Generating eqpt

Sewing machines

No absolute figure giver

Zhang Jingfu, the Kinister of

readjustment policy lasts they are likely to form a key

tor manceuvre

The problem with successfully

implementing the new policy—or indeed any ther policy—is that the size of China's popu-

lation now leaves little space for

manoeuvre. The leadership

admits to a population of over

graphers in the U.S. believe it

to be well over Ibn. Severe family planning measures now

operate in the towns, but the

buge increase during the Cul-tural revolution years when

there was no such programme

has devoured any increase of

farm output that there may bave

been. China already has a dis-turbing unemployment problem

and the schools, which are still disorganised after the Gang of

Four period face a huge.

increase of the number of

but reliable demo-

Little space

Chem, fibre

Cotton cloth

Wrist watches

Average wages

ing the people. Although Hua was the main pokesman for this new strategy was certainly not he wbo evolved it. As a former protege of Mao it seems unlikely that be could entirely abandon the egalitariao concepts of the late Chairman, though he has apparently changed his views as to wbat is practical in China.

China could be overwhelmed

again by the anarchy of recent

years and by problems of feed-

A far more likely candidate is Chen Yun, who reappeared officially for the first time for many years at the party Central meeting Committee December. It was clear from the communique, which said that serious imbalances in the ecocomy would have to he corrected, that such problems had beeo thrashed out. At the same time Chen Yun was elected a vice-chairman, a rank be bad held until the Cultural Revolution af 1966-69. He played a major role in Chinese affairs before the Great Leap of 1958, which be bad strongly criticised.

When Chen Yun was influential in the 1950s be favoured more incentives, decentralis-ation, foreign trade and foreign News Agency in its report of ation, foreign trace and love News Agency in its report of borrowing (in those days from the estimated trade figures for borrowing (in those days from the Soviet Union)—exactly the kind of policies which were described in Hua's speech. As a result of his dealing with the Russians in the 1950s, he might have pressed for the milder tone evident ln Hua's remarks ahout viet Union and Vietnam.

be boosted by a 20 per cent Deng Xiaoping stands in rela-increase of the state procure-tion either to this group or ment price for rice and by other to Hua. He avoided assomeasures representing a net clating bimself with the over-transfer to rural bouseholds ambitious targets that Hua out of the national budget of publicised last year, but be 88bo. But larger incomes bave apparently threw his weight out yet been matched by behind the extravagant foreign Increased supplies of consumer trade programma and the goods or of food to the towns— Vietnam war, both of which the Chinese leadership is now playing down. Almost certainly though, Yn Qiuli, chairman of the State Planning Commission

Commission is 4 per cent. Hna who reported at the Congress himself told the Congress that on the 1978 and 1979 plan, and agriculture could not keep up with the expansion of industry Finance who deli-ered the and "at times cannot even keep budget report, stand as experienced economic oficials with up with demands of a growing Chen Yun. As long as the population."

TRADE, PRODUCTION AND PAY:

Peking's forecast

\$11.95ba

\$93.0bn

\$749.7bn

394.75m tons

2:17m tons

228,000 tons

256.6bn kWh

104.7m tons

31.78m tons

285,000 tons

11.0bn metres 4.84m kW 113,500

and lost some face

BY DAVID HOUSEGO AND COLINA MacDOUGALL

saá2bn sa2bn

2/2.75m tons

205m tons 116,000 tons

50m tonnes 23.4bn kWb

3,64m tons

1.24m tons

3.18m kW

99,308 11.84m

na · · · 4.24m

10.2bn metres

230.1bn

It was frustration with the seeming immutability of such constraints that tempted Chairmain Mao to force the pace of growth by assaults like the Great Leap Forward. Something of this approach remained in Hua's plan in 1978 for 120 major new industrial projects and in Deng's belief that imported technology would shorten the

road to modernisation. In the rapid recovery of industry since Mao's death in 1976 output bas grown annually by 13-14 per cent—a figure to which Hua pointed with pride. But it bas brought to the surface all the flaws of the Chinese system. By December last year it was clear that the Government was losing its grip. Individual ministries, provincial and municipal administrations, were competing with one another for funds, often duplicating projects and thus wasting scarce re-sources. Supplies of fuel and power fell well behind the demands of both the steel and the heavy engineering industries and of light industry

Ministries anxious to purchase foreign plant were running up Agriculture is crucial to the potential foreign debts beyond whole Chinese economy because, the capacity of the country to besides feeding and clothing the The muddle and depeople, it must supply nearly 40 ciencles of management were summed up by Hua in his speech er cent of the exports. Scope for Increasing agricultural producwhen he said that a quarter of tion is strictly limited. Last year. the State enterprises were run-Hua announced, grain output In the first five months of this

went up from 283m tonnes to 304m tonnes Even if these year industrial output has figures are correct (and there slowed down to a 5-6 per cent is some sunicion that the series rate of growth. This bappened be revealed has been adjusted partly because a strained to make 1978 look good) such economy was unable to sustain an increase is not going to be the former high rate of growth, but it also reflects a deliberate Tha figure put forward for slowdown. this year by the minister in charge of the State Planning

The present cuts to the leadership's plans are far more

savage than had been expected even a few months ago.

Source: New Chine News Agency

\$12.0bn

÷2.5 per cent

+8 per cent\*

275.0bn kWh

+5.3 per cent

170.0m tons

32.0m tons

5.29m

2.4m tens

Coal output, for instance is to be increased by a meagre 2m tonnes a year over last year's 618m tonnes, as compared with the 32m tonnes increase forecast in March. It is also clear from Hua's speech that the leadership now thinks that the economic situation is far graver than It had believed. Judging by the figures given

to the Congress, the overall direction of policy during the coming year is towards holding down both capital construction and expenditure to last year's levels. This compares and with a 34 per cent increase of state construction outlays in 1978 to \$24bn and a 31.7 per cent rise of expenditures to \$68bn. The squeeze on expenditure is evidently intended to encourage economy in industrial enterprises and to streamline decision making departments through decentralisation. Hua bas certainly in mind a greater devolution of responsibility.

### Foreign trade importance -

Within the overall allocation. expenditure on beavy industry is most beavily cut. It will absorb 47 per cent of investment in capital construction as com-In capital construction as com-pared with 55 per cent last year. China bad achieved far less than it should. The realism of Steel and beavy engineering are the leadership in approaching the sectors most likely to be the acute economic difficulties severely affected.

sign of muck expansion in coal, electricity or onshore oil produc-tion. In the coming year, power such policies from the sup-generation is to rise by only 7 porters of the Gang who gained per cent and oil output by 6 per power during the Cultural cent-below the long term Revolution, and the leadership

foreshadow a faster growth for challenge. And the second second

coal and electricity in the years.

The share of agriculture in the capital construction budget is to rise from 10.7 per cent to 14 per cent. But total allocations for agriculture are larger because of the increase in the procurement price for agricultural

Surprisingly, the share of light industry in the capital construction hudget is only marginally increased to 5.8 per cent. The leadership may however be counting on further foreign investment in light industry from joint ventures for which the total value of contracts concluded so far is almost \$300m.

Peking seems keen to impress on the outside world the continuing importance it attaches to foreign trade. It foresees a 24 per cent increase of total imports and exports to \$27bn following last year's already substantial increase of 38 per cent. That would seem to imply a trade deficit of about \$3.5hn, which will be covered in part by foreign loans worth \$2.5bn.

In spite of the sharp slowing down in the first quarter, the leadership expects that the industrial growth rate will climb to 8 per cent for the year as a whole. Even this may not be realisable if energy output. expands as slowly as Peking apparently expects. Combined with a projected 2.5 per cent growth rate in agriculture it points to an overall growth of GNP below the long term trend

### Expenditure problem

The leadership will have a major problem bolding down expenditure to last year's level in the face of heavy demands for funds. A loosening of budgetary controls would leave little alternative to deficit financing with the aftendant risk of inflation. Hua in a striking reference to the possibility of inflation in China's supposedly stable price economy implied that the increases made to agricultural prices might be passed on to the town dwallers.

The best hope for that strategy is that in spite of the hardships that most Chinese will continue to endure, they will respond to the long-felt hope for better living standards. said that in 30 years of socialism Surprisingly there is little wishful thinking of the past. But the task is made no easier

itself is still divided. One reason is that marginally . Faced with lingering political productive mines and generating problems as well as grava plants may be phesed out as part economic threats, reconstructing of the programme for reducing the economy in a mere three costs. But Yn Oiuli'a projections years presents a formidable

# MEN AND MATTERS

### Drilling for oil -in miniature

One unexpected shortage in the wake of the worldwide scramble for oil is of model-makers. While some might regard models, whether architectural or industrial, as little more than sophisticated boardroom toys, they are increasingly used in design. And they are becoming increasingly expensive. "A pre-sentation model of an oil rig will cost around £10,000 to £15.000," was told yesterday by Barry Keogh, managing director of one of the larger model-making companies, John Piper Models. "That's with a few moving parts. A design model can be anything up to £200,000." With a turnover of £500,000 last year, McKeogh expects to double that

The growth area is not so much oil rigs, whose evolution appears for the moment to bave ceased, as onshore petrochemical plant. Design involves a myriad of different disciplines. "Each." says McKeogh, "will draw up a flow chart. There can be 200 elpes flowing in the same direction-the model will show exactly how the piping should be organised." He added unexpectedly: "It's very, very boring. Anyone who is really interested in model-making sticks to architectural models."

The tedium of making a logical spaghetti of miniature pipes may bave something to do with the £6 an hour model makers can now earn. But even this is not enough to attract sufficient people. "I have just been down to Medway Collega where 10 students have finished a course. At least five of them are going straight to South Africa, where they will earn

plant to make petrol from coal, South Africa is currently trying to recruit 600 model-makers. In the South-East of England there are probably no more than 300 altogether.

London carrying only a packet or a letter will not be astonished to learn that the many private delivery services are anticipating a boom in business. "So far the difference is no more than 5 per cent," I was told by Mercury Despatch, one of the oldest-established London

by the tiny number of model-

making courses in the country, no more than two or three. "We

are trying to encourage colleges.

to start courses," says McKeogh,

who thinks two so far may have

Those who have seen the

empty taxis trundling around

taken the hint.

Lost post

companies. "But we expect il to start affecting us now. So far it has been a bit hit and miss, some mail was arriving and some not, I think it's takeo this long for the Post Office dispute to sink in." Duriog £12,000 each, tax free." the 1972 strike
In the throes of developing up 30 per cent. the 1972 strike, business went Mercury Despatch's charges are fairly typical—a minimum

of £3 coming down to about 60p per item in a large delivery. However, not all companies nan 300 altogether. are prepared to cash in on the The problem is exacerbated Post Office's difficulties. At

Courier Express, for example, curiaus effect on tha money 1 was told sternly that the drivers of its 400 vehicles, members of the TGWU, bad been instructed not to break the "If we are asked to deliver a letter or a small parcel, we ask outright 'Would this generally have gone by post? If so, we won't take it."

### Bowing out

repested frequently.

"I see our organisation as a sort of pilot plant of the multinationals. When I first became charman the finance officer was in Germany. Nowadays it's a Frenchman who runs the business day to day and he and his financial officers are in Paris. We spend a lot of time on the Peter Brooke, MP for the City

and Westminster South, per-mitted bimself these reflections as he cleared his desk at the Park Lane offices of Spencer Stuart Associates, Management after 13 years, five as chairman, lo devote himself to his duties as a junior whip.

Brooke himself set up tha London office in 1961 and oversaw, among other things, the head-hunting in 1974 of Bob Fell, then secretary of the Export Credit Guarantee. Department, as first chief executive of the Stock Exchange, and the recruitment of Sir John Methven as director-general of the CB1 in 1976.

Tha man who is replacing Brooke, John Garnett, Director of the Industrial Society, will have his ideas on participation tested to the limit running an organisation which has offices and officers almost everywhere in the world, which, since 1974, is owned as well as controlled the consultants themselves, and which has no physical head office. "Being a whip is rather like running a co-operative, too," said Brooke.

Cash trickle The booming pound had

not quite aristocratic enough to do without the stuff for the weekend, found himself queuing behind hordes of tourists sloughing off dollars and francs. Hearing a rumour in one bank that harder currency was being rationed to £20 per person, be rushed up the road to a branch of NatWest. A long wait later, he was greeted with the news that (rather in the manner of petrol stations), supplies were being limited to NatWest customers only. Reaching his own branch of Lloyds, 10 minutes away, be had better luck; but even there the supply of £10 notes was down to nothing.

cashier, proffering crumpled It is reassuring to learn that — at least according to the NatWest — these were local difficulties. Further away from Consultants, which he is leaving Harrods, sterling is still in full

### Playing patience The tennis craze seems to know

no bounds. I was astonished on Saturday to see four men sitting at a card table mounting on the pavement opposite the Somarset Roed gate at Wimbledon. They told me they were queuing for next Saturday's floats and were determined to be the first. No doubt they will be.

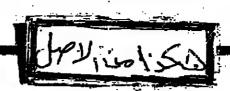
### Wishful thinking

Overbeard in a City florist's Haressed looking man .- "I would like to order a dozen red roses to be delivered to my wife for our wedding anniversary." "Certainly, sir. What date?" Man, with agonised expres-

Observer



Monday July 2 1979



# JAPAIN!

### AND THE NEW INDUSTRIAL COUNTRIES

The emergence of four "new industrial countries" in East Asia—South Korea, Taiwan,

Hong Kong and Singapore—is likely to change the whole pattern of trade between these

countries, Japan and the West. This Survey examines the complex mixture of oppor-

tunities that is appearing for all those involved but with particular reference to Japan's

development over the next few years.

A new rules

By Charles Smith Far East Editor

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THE REMARKABLE economic growth of Japan can be seen, in growth of Japan can be seen in retrospect, as one of the most important events to occur in East. Asia during the 1960s. The emergence of four "New Japans" may go down in history as the region's major contribution to world economic develop-

collectively. They have relatively fittle in common with of Kurea to 84 per cent in that each other except that of Hong Kong. All maintain 1. All have been forced by handsome, and until now regularizations for seek rapid larly increasing surpluses on their trade with the West, while circumstances to seek rapid larly increasing surpluses on economic growth as an alierna, their trade with the West, while

economies clasely to that of Japan. have an important message to Japan, the NICs and the West alone) provided a major boost deliver to the rest of the world—has developed into a major for all exporters of manufactive energence of the Asian setures of East-West tension tured products including the NICs indicates that Japan's particularly between Japan and EEC and the U.S. But growth experience can be the U.S. during the recent past. "developing South-East Asia"

on the pre-eminence of the industrial West, with room made nather reductantly for Japan, may have to change out of all recognition before new elsewhere have finished

The NIC phenomenon par-ticularly as seen in Asia, has been that of small countries limited home emerging aimost overnight (at least from the viewpoint of the tern countries which buy consumer goods, shoes, toys and a multitude of other cheap but

Hong Kong holds the undisputed fille of the world's top exporter of made up gaments while Singapore, after a latish start, has also joined the race to become a competitive manufactured goods exporter.

ment during the 1970s.

The four countries South The four Asian MCs have K-rea Taiwan Hong Kong and export ratios (that is, the per-Singapore—are far smaller than countries of GNP represented by Japan, individually and even overseas earnings) ranging from the countries in the case. The four Asian NICs have just over 30 per cent in the case of Hong Kong. All maintain handsome, and until now regutive to political disaster; and simultaneously incurring heavy

Yet, together, they seem to that has grown up between repetied of other countries Yet; paradoxically, the im (the Japanese statistical cate—trade between Japan and the Malaysia. Thailand or the of the developed world could be bigher pace into advanced indus. Asian exports. In practic countries and the growing self-philippines (assuming that mar. varied as well as disturbing.

The expansion of horizontal Asian countries such as the consequences for other parts compensate by moving at a raising trade barriers a trade barriers and the Malaysia. Thailand or the of the developed world could be bigher pace into advanced indus. Asian exports. In practic countries and the growing self-philippines (assuming that mar. varied as well as disturbing.

The expansion of horizontal Asian countries such as the consequences for other parts compensate by moving at a raising trade barriers a trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barriers and the consequences for other parts compensate by moving at a raising trade barri

The reason why the NICs have their products) as spectacularly, been in surplus with the West and in deficit with Japan on an Korea and Taiwan have increasing scale during the past increased their exports by few years is that Western marennual averages of over 40 per kets have proved the most cent during the past decade and accessible to their fast-growing now tank as major suppliers to manufactured exports while

the West of textiles, electronic Japan has been the logical source of capital equipment and industrial materials needed to well-produced maintactured help build up their industry. This dual dependence (on the West for markets, on Japan as supplier) could be about to give way to a rather more balanced set of relationships for a num-

### Revaluation

One is that Korea, Taiwan and others are, at long last, attaining self-sufficiency (and even an export capacity) in some of the basic products they have had to buy from Japan in the past. The second reason is that the NICs' efforts to sell in Japan do at last seem to be paying

The \_revaluation of the Japanese yen (by 27 per cent against the dollar during 1978 rivals in the Japanese market and petrochemicals.

East Asian industries that now appear to be able to compete with their Japanese opposite numbers in third markets, and even to some extent in Japan's own domestic market, include petro-chemicals (now heing exported to Japan hy Taiwan), steel (exported by hoth Talwan and Korea although the Japanese steel industry claims to have doubts about the quality of some Korean production); fertilisers (in which Japan is rapidly ceasing to be competitive); and ships (where Japan's home market represents a "sanctumarket represents a "sanctu-ary" for its industry but where ground):

Industries in which horizontal status. integration is spreading between Japan and the NICs (in part as a result of consciously planned investments by Japanese companies) include electronics, now the subject of \$550m worth of two-way's trade between Janan and Korea and watches where production seems to be developing according to a complex production sharing plan between Japan Hong Kong and a number of other regional producing centres.

for manufactured goods during foreshadow a situation in the past few months. which the East Asia of the future may come to look like the Western Europe of todaybut with two important differ-

> One is that Japan will remain in terms of the size of its domestic markat and of its Western European dominate the EEC.

The second point is that the emergence of a community of borizontally-trading developed industrial states in the Far East may have to pass through more ary" for its industry but where third markets are increasingly likely to become a battle Europe passed through on its ground). way to achieving a similar

> The four offsbore territories which constitute the first generation of new industrial countries in Asia are already facing problems which became familiar to Japan in the late 1960sovercrowding, pollution and a shortage of skilled labour leading to rapidly escalating labour

> All of this means that there should be room for the emergence of a second generation of NICs in the shape of South-East

that investment capital is availto build industries).

A final question about the region's economic future, as seen from inside, relates to the modernisation of China, China shot into second position among the giant within its region, both Japan's overseas suppliers of textilas in 1978 and appears to have ambitions to follow up this overall production capacity, to success by exporting light eleca far greater extent than any tronics products (though only to the extent required to earn the foreign exchange required to except in the high fashion pay for a predominantly domes- sector where France and Italy tically-oriented programme).

> Most Japanese observers of Chinese modernisation efforts take the view that their impact on the rest of East Asia will be neither sudden nor disruptive. even if the Chinese do achieve their dream of equaling the industrial strength of developed Western countries in the 1970s by the end of this century.

Observers in other Asian conntries (such as Korea, which bas to compete with China's textile exports) take a less calm view of the prospects although Korea remains interested in the scope, if politics allow, for codevelopment,

be the gradual disappearance of that the emergence of Asia's the deficits most new industrial new industrial countries is with Japan and a corresponding hitherto dominated by the U.S. increase in the ability of such and Europe more rapidly than countries to spare funds for imwould have been likely had it ports from other parts of the been left to its own devices.

A parallel and less welcome development could be a steady increase in compatition for entry to the Japanese import market with East Asia increasingly tending to challenge the U.S. and Europe as exporters to Japan of high-quality manufactured goods.

toy sales in Japan already have and Industry, part of whose job begun to rise sharply, is to think of ways in which apparently at the expense of Japan can continue to flourish similar products shipped from in tha 1980s. Just heeause the Europe and the U.S. Swiss problem is recognised there is watch sales for example bave a good chance that it may be been falling fast in quantity overcome. terms in the last few years. Asian textiles are already strong development retain their lead.

### Challenge

In future, more and more quality exports from Europe may face a direct challenge in the Japanese market and elsewhere from Asian industrial

A final problem posed by the emergence of the NICs and its impact on Japan involves future competition Japan and the West in high technology industries. Japan's response to the challenge from its industrial neighbours seems to have been to give ground in operating in China's economic industries where it has suffered an overwhelming loss of com-If the Asian NICs continue to petitive strength (e.g. fertilisers, to shut the door on what is flourish (which they may not do aluminium and some parts of happening in Asia both psychoif a world oll crisis intervenes) the textiles industry) and to logically and in the sense of compensate by moving at a raising trade barriers against of the developed world could be bigher pace into advanced indus- Asian exports. In practice the

countries have been running thrusting Japan into sectors

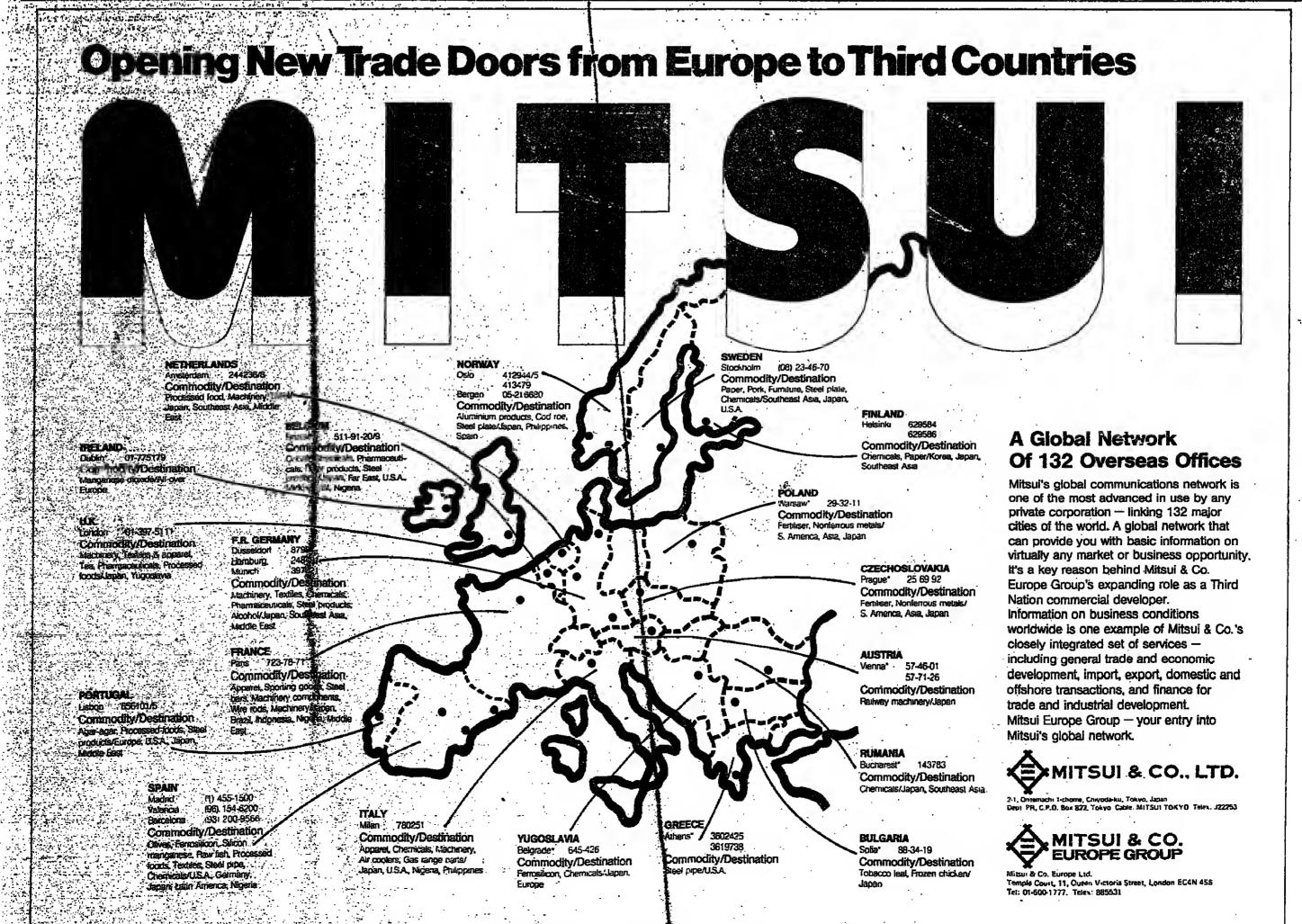
In entering such sectors Japan suffers one major handi cap—its weakness at developing original technology and tendency to hase most of its industrial advances on ideas horrowed from the West and subsequently " improved " Japan. This major weakness is recognised as a problem by the Asian watch, furniture and Ministry of International Trade

The situation which confronts Europe—and the U.S.—as a result of these developments is a complex mixture of opportunities and challenges. Western countries should be able to sell more (and invest more) future in the emerging Asian industrial countries, if only hecause such countries have no wish to be economically dominated by Japan and stand to gain from the maximisation of their confacts with the developed world.

However, Asia, promises to be a competitor as well as a partner for he West, and Japan, under the impetus of trying to stay ahead of its fast-developing neighbours, could become a tougher competitor than ever.

It may be possible, as least in theory, for the industrial West trial sectors.

What this means in terms of recognise that nothing ever will be outle the same again.



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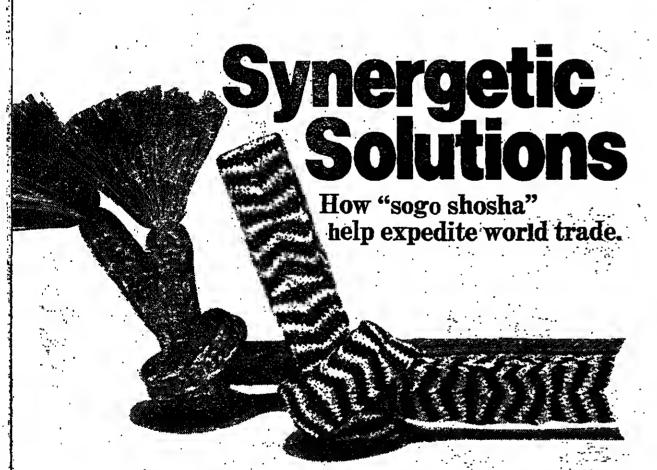
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# Political role still low key

A RECENT public survey in Japan on foreign policy found that only 23 per cent of the people asked felt that as their country had become a leading economic nation it should in the future aim to become a leading political power. The Japanese people, it seems, would be perfectly happy if their prosperity. does not lead to greater responsibilities (and risks) than absolutely necessary in Asia and the rest of the world. Until

recently Japan's post war foreign policy has reflected this sentiment totally. Since regaining its status as a sovereign nation after the Allied occupation ended in 1952, Japan has pursued a very cautious form of diplomacy.
With its security—and to a large extent its economic prosperity -virtually guaranteed by a close relationship with the U.S.

The relationship with the U.S. has meant that Japan's affairs in Asia have been shaped: as much in Washington as in Tokyo. Normalisation of ties. with mainland China came only after President Nixon and Henry Kissinger took the first step. Jopan was forced to back U.S. policies in Indochina and serve as a staging area for the war (though the Japanese were saved from direct participation in Vietnam by their U.S.inspired no-war constitution): Japan, while strongly opposed to American plans to withdraw troops from the Korean peninsula, can only take the very diplomatic stance of boping the plan will be implemented without endangering peace and stability there.

### Content

The other Asian nations were perfectly content to see Japan tightly under the shadow of the Japan's former subject nations harbour strong suspicions over a more positive role (particularly if it involves a military element) for Japan in their affairs. The newly industrialised countries of Asia (Singapore, Hong Kong, Taiwan and South Korea) are eager to compete with the Japanese for the key world markets largely dominated by Japan.

Even China recognised Asia, and of the U.S. Japan mutual security pact, as a coun-terforce to the Soviet Union's desire to extend influence into Asia. The Russians in turn fear a strong Japan allying itself with China, which while still a developing country poses the greatest potential threat to Soviet interests in this part of

the world.

A delicate balance of forces in Japan tends to make changes in policies and directions very slow and cumbersome. Any new policies at the national level, for example, require tedious agreements and consensus among all the various government Ministries and agencies, which in turn must balance their views with powerful private aector influences. Political factions and opposition party feelings must be taken into account. Very often at critical points in Japanese history it is the infinence of outside formet barond? the control side forces, beyond the control of Japan, that have emerged as the most compelling origins of

The questions now facing Japanese foreign policy also involve significant changes in the external environment in which the nation has developed for the past 30 years. The major question is whether Japan will be forced to take up a stronger political approach in its affairs with the other nations of Asia. More important, will Japan be able to preserve what it defines as its national interests in Asia, relying mostly oo its economic influence?

What has changed and how have Japan and others res-ponded so far? The two most important developments have been the emergence of China from its partly self-imposed (partly cold-war enforced) isola-tion during the 1970s and the withdrawal under the Nixon doctrine of a dominating U.S. influence in Indochina, the wartorn underbelly of China. A third worrisome development is third worrisome development is A survey by Japan's Ministry the steady growth in the Soviet of International Trade and military presence. Industry reveals an annual

military presence.
Fourthly, Vietnam is proving itself to be an empredictable, aggressive and seriously destabilising force in the regionand not only because of its actions in Cambodia and Laos. Vietnam's attitude toward the refugee problem is also having serious social and economic

reprecussions in Asia. In South-East Asia the wind-ing down of U.S. power and unlifeaton of Vletnam led to an urgent feeling among the members of the Association of South-East Asian Nations (ASEAN) that they must be prepared to work much more closely to-gether in order to cope with the new situation. Japan, in perhaps the most significant diplomatic move it has made in South-East Asia this decade firmly backed this revitalised-

### **FOREIGN POLICY**

RICHARD HANSON

ASEAN, a group it had pre- of China's intention to withviously taken rather lightly.

The former Japanese Prime enunciated during a summer 1977 tour of the five ASEAN states and Burma what came to be known as the Fukuda Doc-He assured them that rejects the role of a military power and pledged to consolidate relations with what he called "heart-to-heart" under-standings with ASEAN.

More important from the ASEAN point of view, Japan is supposed to aid in the developclose relationship with the case inent of five major incussive successive governments have inent of five major incussive governments. development at home and and there are always grumblings abroad. The objectives were about how serious Japan really nearly all self-serving, and is about beloing potential com-Japanese diplomats developed petitors to develop. But as a a solid reputation for not taking whole the rubuda visit was productive—certainly more so than former Prime Minister Takeo. Fukuda's South-East Asian tour anti-Japanese

> Relations with ASEAN can be expected to improve in a numher of areas. Debates are going over establishing a comprice stabilisation scheme, for example. ASEAN and Japan, however, have not been able to reach any agreement so far as to the form such a scheme should take, Relations with China have

become complex. This is mostly because China, while undisputably a large and power-ful nation, is still a developing country with all the added economic and social problems of a nation coming out of a long. period of turmoil. By breaking ties with Nationalist Government

Taiwan, Japan was able to movefairly rapidly in developing trade and other exchanges. With the signing of a formal peace and friendship treaty and an ecocomic agreement last year. the diplomatic ties have grown much more significant (though not yet as Important as those how Japanese diplomacy has shifted as a result of its closer relationship with China.

draw its troops from Vietnamese territory, which it had Minister, Mr. Takeo Fukuda attacked as "punishment" for Vietnamese aggression against Cambodia (which China nominally supported in opposition to China Informed Japan of its decision to withdraw. Japanese diplomats then made it clear to Hanoi that any attempt by Vietnam at crossborder pursuit of the retreating Chinese forces (who had done very poorly against Vietnamese units) would prompt a very strong Chinese counter-attack.

### important

For the cautious Foreign Ministry it was an important "political" action which in earlier periods Japan would probably have avaided. Japan would like to play some Tole as a moderator in the peace talks which sparked riots in Thalland being beld between Vietnam and Indonesia (though not and China, but it is difficult to see it as a major force in bringing about a settlement. In its relations with Vietnam

the Japanese Government first sent out hints that it would suspend its aid programme to Vietnam as a result of its attack in Cambodia (which came three days after the Vietnamese Foreign Minister paid a formal visit to Japan and assured officials that it did not plan to do so). The Foreign Ministry now sees continuation of the aid (Y14bn in all planned for this fiscal year) as the best alterna-

The U.S. role in Asia bad been pre-eminent since the end of World War II. It is thereone considers that during all the disturbing events in Indochina since the end of 1978 the U.S. has remained alout pre-occu-pled with what it considers more argent matters such as the Middle East peace treaty and the situation in Iran.

The significance of this change has not been lost on role in the development of Asia Japanese officials. There is a economically Official aid from tendency-to-take the view that Japan can help bridge the with European countries, to tendency-to-take the view that Japan can help bridge the give some perspective). Occ. Americans, having lost the war economic gaps that separate the recent development illustrates in Vietnam, think along the poor and richer countries of lines of a Hemingway character Asia. Success in that role will in "The Sun Also Rises," after World War I was over, simply Even China recognised to The exchange took place two wanted to forget about it and accept a more sensitive postward the late 1960s the value or three days before a formal go home. This perceived U.S. of influence among them of a strong U.S. presence in announcement earlier this year attitude has strengthened a Japan's part.

that Japan will have to become more "political" in dealings with the rest of Asia.

This political role is still couched in very vague terms. In two interviews appearing elsewhere in this survey. Mr. Ganri Yamashita, director general of the Self-Defence Agency, states emphatically that Japan will not take on any regional military role. Mr. Ichire Isoda, president of the Sumitomo Bank, makes the point strongly that without military power Japan cannot play a political role in Asia. (Though he is not advocating such a

Outside infinences will probably also decide how much Japan will strengthen its mili-tary arm. The internal debate on defence spending and the role of the military in Japan bas become public and quite open over the past two years. The strongest advocate for a greater military role, bowever has been the U.S. This dates from 1974, when the then Secretary of Defence Melvin Laird, first made the U.S. view very clear: Japan ought to shoulder more of the burden for defence in Asia. The U.S. appears determined to offset any Soviet build-up in the area with increments to the Seventh Fleet, but Japan is needed as a strong and stable (democratic) force.

A brief look at Japan's closest neighbours gives some credence to such a view. South Korea and Taiwan both take on the appearance of authoritarian armed earnps, with very real threats facing them (much more so in Korea than Taiwan). Japan has very strong economic ties to both countries but it bas had no formal diplomatic ties with Taiwan since 1972. Relations with South Korea always seem to be clouded by a tendency of both sides to see the worst in each other. The Japanese media tend to harp on anti-government news from Seoul, while the South Koreans (while admiring Japanese economic development) view their former colonisers with thinly velled antipathy. Clearly Japan will have to he very careful in adjusting to the

new realities of Asia. Its most recent history shows that as a nation it can play a constructive probably determine willingly the rest of Asia will accept a more sensitive position

# Imbalances cause concern

THE FOUR Asian new induscolourfully but less charitably as Developing Asia's Gang of Fnur) are still a long way from being giants as far as their role

in world-trade is concerned. The combined exports of the four-Hong Kong, Singapore, Taiwan and Knrea—in 1978 totalled less than half those of Japanese exports and not one of the four figured among the top dozen countries in world trade.

However, all four have been market for textiles went from The steady deterioration in rapidly increasing their shares of world trade over the last four years. Korea, for example, increased its percentage from 0.8 per cent to 1.3 per cent 0.8 per cent to 1.3 per cent 0.8 per cent to 1.3 per cent 1974 and 1978 while the NICs overtook Japan as tangous improvement in Japan's However, all four have heen. 0.8 per cent to 1.3 per cent between 1974 and 1978, while Taiwan moved up from 0.7 per cent to 1.1 per cent. And all bave come to be regarded as "problem" countries to a greater or lesser extent by the savanced industrial West.

The outstanding characteris-

ties of the Asian NICs, as far as trade is concerned, include an extremely high dependence an exports (ranging from 32.3 per cent of GNP in the case of Korea in 1978 to 84.8 per cent in the case of Hong Kong); a rapid, if not ultra rapid growth of both exports and GNP over the past few years, and a shift in the composition of exports away from raw materials and primary products towards increasingly sophisticated manufactured

average growth rate of 31 per cent in the manufactured goods exports of six NICs (the four Asian countries plus Brazil and Mexico) over the five years from 1971 to 1976 as against a 21 per cent increase in manufactured exports by the advanced industrial countries.

The impact of the four Asian countries' manufactured goods

TRADE CHARLES SMITH

on the markets of the industrial but moderate, in view of the West has been, not surprisingly, fact that most of the NICs fairly spectacular. They requirements of capital goods their share of the American and Europe.

exporters of black-and-white TV, sets in the early 1970s and appeared to be replacing it in 1977 as the Western World's main suppliers of colour TV

successful export industries that have been developed during the past few years in

increased their share in U.S. and Industrial materials have imports of TV sets from 12.6 come from Japan, while the per cent to 39.5 per cent bulk of their light industrial hetween 1970 and 1875 while exports have gone to the U.S.

tructure in transport to tructure in Japan's balances with the four countries is illustrated in Table I. The reasons for the phenomenon are not particularly hard to discovers Japan was the main foreign industrial investor in Kores and Taiwan from the mid 1960s onwards (except for a few that have been developed years after 1972 when the during the past few years in normalisation of Japanese relacountries such as Singapore tions with China caused Taiwan and Korea (to say Japanese investors to schold nothing of Hong Kong's long off," in Taiwan) and tirus standing success as a garment figured rather naturally as exporter) have depended a major symptom of the latest controlled the controlled the latest controlled the lates a major supplier of capital beavily on imports, both of equipment and components for capital equipment to establish manufacturing projects in which heavily on imports, both of equipment and components for capital equipment to establish the industries in the first place, and of sophisticated components or mass-produced industrial materials that could not be produced aconomically decades has been industrial imports for the it has until very recently been support of growing expert the logical source of the semi-industries have kept the overall processed parties produced which trade in manufactured goods of the Manu NICs in moderate the Hong Kong stement industries from 1971 to 1974 and try permitted them a moderate but In Singapore, where Espanese increasing surplus during the investment still ranks below following three years.

following three years that of the U.S. on a computative However, balances with bails the trade imbalance with hidividual advanced industrial Japan has grown less sharply countries have been anything than in the case of Taiwan and CONTINUED ON NEXT PAGE

JAPAN'S IMPORTS OF MANUFACTURED GOODS

(quarterly rise over previous year per cent) Otherst .....

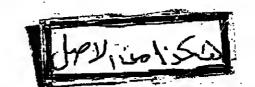
1973

-485 -3,354

-4.788 - 12.549

-1,580 -3,680

1978



# NICs a growing threat

ALTHOUGH virtually every industry in Japan can expect to he affected in some way or other by the emergence of the Aslan NICs (newly industrialised. countries) the group of comto gain or lose from the process does not belong to any industry in the sense of the term. It.

and the U.S. from suppliers to consists of the dozen or so anomales and \$470m respectively. (The newly biganised Korean (or and Brazil. The shoes are sold general trading companies and \$470m respectively. (The newly biganised Korean (or and Brazil. The shoes are sold general trading companies and \$470m respectively.) general trading companies which collectively handle about half of Japan's foreign trade and a large (but undisclosed) portion of that of neighbouring countries.

- Because the share of the Asian NICs in world trade is through the Colony itself.). growing rapidly the Japanese. The fact that the trading comtrading houses have a strong panies handle a larger share of
interest in maintaining their
present influential, rule in
exports need time as no surregional business. (This applies prise, given that the same
not only to trade with Japan situation applies in Japan itself,
but also to third country where the trading companies
transactions between the NICs are extremely strong as
and other parts of the world, importers of aw materials hot
Meanwhile, however, witually less effective as exporters of
all the NICs in Asia are showing manufactured goods. New
signs of wanting to lessen their industrial countries such as Meanwhile, however, virtually less effective as exporters of the world; less effective as exporters of the lowever, virtually less effective as exporters of the lowever, winted your signs of wanting to lessen their industrial countries such as ferendence on the trading Korea, however, which have bouses and in some cases are good reason to be sensitive which seems equally determined trying to achieve this by setting about their trade deficits with to see the share of Japanese up their nown Japanese tyle Japan, would be acting out of trading companies in its countrialing companies. The response that they did not also try's exports and more particularly to the response their trown on the green bigger trade. up their own Japanese style trading companies. The response of the Japanese houses to this of the Japanese houses to this from on the even bigger trade situation has been an energetic imbalances with individual attempt to present themselves Japanese trading bouses. One as multinational all-surpose hig Japanese trader exported husiness organisations with \$430m of goods from Japan to regional interests at heart Korea in 1978 but imported rather than harrowly Japan only \$150m from Korea to erientated trading houses.

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The fact that quite a lot is at Efforts stake in the relationship between the big Japanese This is one traders and the Asian Mics can This is one be grasped from a gisnce at have been made most notably some of the figures involved in Korea but also in Taiwan. The share of Asian trade as a the Philippines and elsewhere whole in the overseas periover to reduce dependence on be one major trades (a member apanese trading companies, but the reduction of the companies of the reduction of the companies of the reduction of the companies. The share of Asian trade as a tile Philippines and elsewhere whole in the overseas periover to reduce dependence on his one major trader (a member spanese trading companies, of the so-called Big Five sparity by administrative curbs have agreed to take on agency consisting of Missibishi Missii Lincinding tax measures) and to Marubent and Sumitomo) partly by an attempt to foster is put at around 20 per core that measures and to foster is put at around 20 per core that measures in the measures and elsewhere grammes for Korean counterparts (an example is the relationship between Marubent and Sumitomo). Others are agreed to take on agency measures are the measures and elsewhere parts (an example is the relationship between Marubent and Samsung Company). Others are agreed to take on agency measures are also produced to take on agency are agreed to take on agency agreed to t 3.5bn and a growth rate prob panies style frading com-bly exceeding 15 per is put at around 20 per cent with an annual value of some ably exceeding 15 per cent a Rorea, with 12 General the assistance given by a year. The \$3.5 bit total breaks. Trading Companies (GTCs). Japanese trading house to a down into \$1.3 bit of imports which now claim to handle 31 Knrean GTC in importing coal from Japan. \$1 bit of imports per cent of the bation's exports, after the Korean company had into Japan and a further \$1.250 of trade which does not involve Japan at all but coasies of exports from the Asim countries (mainly NICs) to the rest of the world or imports from the rest of the world into the game countries.

The same company reports

that its trade with South Korea rose from \$420m in 1975 to \$800m (in both directions): last

my compenents for assembly practice

### TRADING COMPANIES

CHARLES SMITH

hehind.

larly, its imports undergo a drastic shrinkage. Because of

this the Japanese trading houses

have adopted a strategy which

combines willingness to help their newly-established com-

petitors learn the ropes with a

overseas industries. An example

heen successful in a Korean

ever to catch up.

Hong Kong office without neces. The biggest Korean GTCs are holds minority capital stakes.

frown on the even bigger trade

This is one reason why efforts have been made most notably partly by an attempt to foster Korean companies handleapped the growth of home grown by a lack of contacts in specific

per cent of the pation's exports, has taken the lead in this pro-

year, While his two way, trade are scattled, on what seem been developing for many years countries.

with Talwari and Hong Kong very reasonable grounds, about involves the progressive shifting. Hong Kong, which lacks such

of procurement of light industry of trade in the region by a

sarrly passing physically currently about one-tenth the The Japanese maker whose label through the Colony itself.). size of the top ranking Japanese on the Miterbiolic base. size of the top ranking Japanese appears on the Mitsubishi shoes traders in terms of staff and was the original source of somewhat smaller in terms of Mitsuhishi's exports to the U.S. turnover, while their compe- before . Japanese wage costs tence in terms of management, moved out of line with those in

> competitor at roughly 20 years sales but the leader in nverseas The advantage that the of the NICs as a challenge to Korean GTCs do have, however, its ability to generate new flows is that they are strongly of the NICs as a challenge to handled).

products that were once made in creative investment policy. Japan to the newly industri- Mitsui has been studying the NIC phenomenon intensively As one classic instance of since late 1978 (when the procurement shifting. Mitsu-subject was the main theme of the weak point about the hishi Corporation now exports an annual meeting in Hong trading houses' Asian business some \$300m a year of "chemical" Kong of its Asian business strategy would seem to be the some \$300m a year of "chemical" Kong of its Asian business (i.e., non-leather) shoes in Japan managers). In April, 1979, it and the U.S. from suppliers in set up a task force whose object Taiwanese and other Asian was to propose specific invest- neighbours of Japan) in heliev-

### Wider

emphasises, than those involved simply in order to create addi-

wide-ranging but not necessarily more promising than that of Sumitomo Sboji (the number five trading bouse), which bas set itself to reduce its trade surplus with individual NICs hy searching out new products for import into Japan. The Sumltomo task force in charge of this project has collected about 300 sample producta and hopes to start actual imports later this year.

inherent difficulty (for Koreans, Hong Kong figure includes a Filiplno or Taiwanese) trading significant amount of "financial companies might actually prove switch" trade—Le, trade a match for them in a situation figured through the company's of free and open competition. Hong Kong office without necess. The biggest Korean GTCs are yider general traders will no doubt continue to find themselves handicapped in their attempts task force are much wider, Mitsui to maintain or increase their share in the explosive growth in the traditional approach to of trade in and out of the new investment planning (where industrial countries. Despite computer systems and accumune neighbouring countries.

In a computer systems and accumune neighbouring countries a and their contribution to directinvestment) sees the emergence lional demand for goods it ing and creating new flows of handled). trade in the region could prove
Milsui's approach is more to be of vital importance.

nese exports in terms of the

dollar (or in terms of dollar-

Korean won or the new Taiwan

# TRADE BALANCES OF THE ASIAN NICS Taiwan (\$m)

Hong Kong (HK\$m)

centre in Taipei. It also erected seems to be having the effect against imports from Japan.

Singapore (S\$m) 370

With US

1973 1978

2,634

87

\* UK and West Germany only.

which seemed designed to stimulating demand. favour products in which European or U.S. industries were fited most from this process are (by Japanese sources) to products which make up 86 par have issued "administrative cent of European exports to guidance" to its textile industry Japan. 41 per cent of exports to place machinery orders in the to the U.S. and perhaps 60 per West rather than with tradi-

measures are expected to proover the next year or two (Korea, for example, bopes to log by the rate at which its eliminate its trade imbalance exports are increasing comwith the EEC in the not too distant future) and thus to take some of the steam out of Western demands for the curbing of light manufactured goods imports from these countries.

### Worst

In the meantime, it is also heginning to look as if 1978 may have been the worst year several Asian countries' bilateral trade with Japan. Korea recorded a \$970m deficit with Japan during the first four months of 1978 while Taiwan's trade gap amounted to \$569mboth figures representing a slight improvement if projected over the year on their trade performance in 1978.

dollar). Taiwan's deficit with What could prove to be of considerably greater interest should be able to afford to buy and importance than the size more from the rest of the world. of the trade deficits of these Because of these sharplytwo countries Is that, somewhere around the end of 1978, Japan apparently began to Europe and the U.S. may face increase its imports from its even stiffer competition in the Asian neighbours considerably Japanese market from now on able" increases in imports of faster than It was increasing its light industrial products from developing Asia) hoth countries exports.

took steps in the second half of the year to slow down their with the Asian NICs (assuming already have hegun to fall while that a new trend really has set ln) include at least one which artners. Is common to Japan's global tries are now rising sharply.

Taiwan despatched no fewer trade, not merely its relations. In future the area of "over-

various administrative barriers of damping down overseas demand for Japanese goods. Korea's moves in the same while the lower price of direction included a selective imported goods Inside Japan liberalisation of import quotas has had the reverse effect of

With EEC

1973 1978

°1.886 ±3.250

-225

The imports which have benecompetitive. Korea is also said the price-sensitive manufactured cent of exports from neighbourtional Japanese suppliers. ing nawly-industrialised coun-The Korsan and Taiwauese tries. But the Asian group of exporters appears to have heneduce marginally better figures fited strikingly more than the for U.S. and European exporters other two groups from the effects of yen revaluation judgpared with their performance

at the same time last year. This could be either because Asian products are cheaper or hecause the sectors in which Asian exporters are most active (low-cost textiles, plastic pro-ducts, simple electronics consumer goods and so on) are those in which Japan's own industry is at last ceasing to he able to compete, even in its own

bome market. If the recent sharp increase in "developing Atia's" manufactured goods exports to Japan turns out to he a permanent trend rather than a mere flash in tha pan, two important consequences will follow. The first is that the deficits of these countries should gradually diminish, which in turn means they

The second is that "tradi-tional" exporters of manufactured good: to Japan such as than they faced in the past. European exports to Japan of The factors behind the turn- light industry products such as round in Japan's trade relations furniture, toys and jewellery from neighhouring Asian coun-

between manufactured goods exported by Europe and "najural" level to which they rear and provided assistance to which at first merely served to the U.S. and those sold by might rise in a situation of free trade.

"Developing Atla" could widen exports in world markets now considerably.

# Imbalances

CONTINUED FROM PREVIOUS PAGE

fairly continuous plugging of Korca (while Singapore's sur- links, has fared poorly in its. The difficulties faced by most the theme that they are unlikely plus with the U.S. has actually attempt to penetrate the of the Asian NICs in balancing,

Why the NICs have not been Some Japanese trading houses. more successful as exporters to now maintain regular training Japan can be explained at least and know-how exchange propartly in terms of Japanese investment. Japan's electronic and other light industry invest-ments in countries such as Korea and Taiwan were not meant initially to generate exports to Japan but to sell to third markets, in many cases hy a lack of contacts in specific (hlack-and-white TV sets, for example) replacing exports of this type of arrangement was petitive strength as the result of higher wage costs. The products which NICs

heen successful in a Korean have exported successfully to Japan inclode textiles (from Korea and Taiwan) but this is a from which Japanese companies. Japanese companies trading Companies. Japanese general trading compositions of lending a programme and has asked technical assistance from individual compositions of lending a programme and has asked technical assistance from individual compositions of lending a programme and has asked technical assistance from individual compositions of lending a programme and has asked technical assistance from individual compositions of lending a concerns (whose investments in Korea were aimed at third country markets) but hy Japanese trading companies. Timited extent of co-operating (some of which have accepted with their opposite numbers in while others have declined). Such countries. One important links with traders and programmese trading houses having close trading to the from which has been handled not by major Japanese textile and the formidable array of quota and other non-tariff barriers on their country markets) hut hy smaller to smaller than the formidable array of quota and other non-tariff barriers on their country markets) hut hy smaller than the formidable array of quota and other non-tariff barriers on their country markets) hut hy smaller than the formidable array of quota and other non-tariff barriers on their country markets) hut hy smaller than the formidable array of quota and third country markets) hut hy smaller than the formidable array of quota and third country markets) hut hy smaller than the formidable array of Capanese trading companies type of business which they have ducers in these neighbouring

Japanese market for made up or attempting to balance, their garments: indeed Japan in 1978 trade with Japan seemed to get accounted for a mere 1.6 per sharply worse in 1978 as the cent of Hong Kong's non-fur revaluation of the Japanese yen increased the prices of Japa-

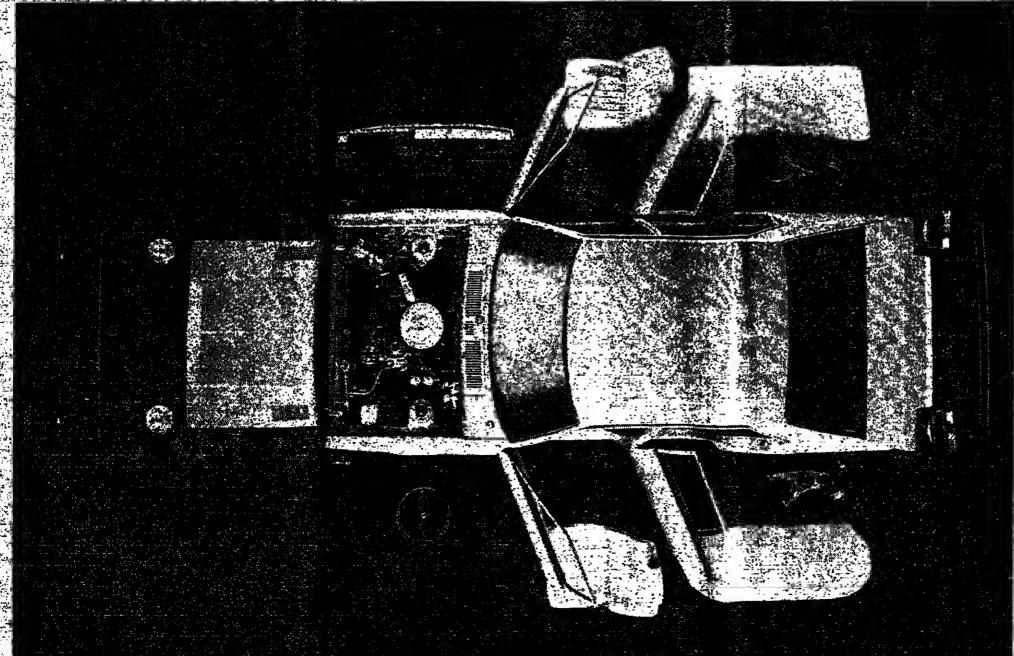
garment exports. Another major (hut closely controlled) group of exports from the Asian new industrial linked currencles such as the countries to Japan consists of food and agricultural products. Roughly 25 per cent of Korea's Japan rosc from \$1,55n in 1977 exports to Japan and about 35 to \$2.15n in 1978 while tha per cent of Taiwan's exports Korean deficit shot up from fell into this category in 1978, \$1.7hm to \$3.35hm. from Japan itself which were even though processed and un-heginning to lose their com- processed agricultural products processed agricultural products increased deficits (and because accounted for only 10.8 per cent of mutterings from the U.S. and of Taiwan's exports to all des-elsewhere about "unaccepttinations and 9.9 per cent in the have exported successfully to case of Korea,

other non-tariff barriers on their from their Western trading primary product exports to partners.

Japan so that their sales in this Taiwan area can be assumed to be than three import promotion with nelghbouring countries, lap" considerably smaller than the missions to the U.S. during the The revaluation of the yen good

Imports from Japan and (simultaneously to encourage imports

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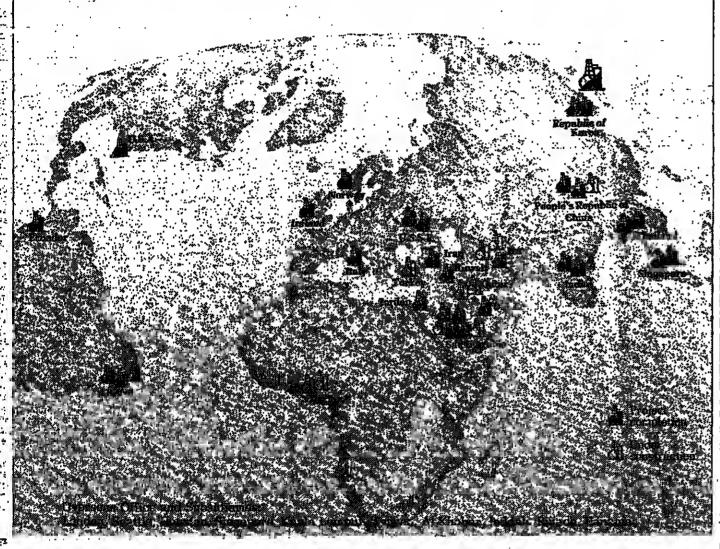
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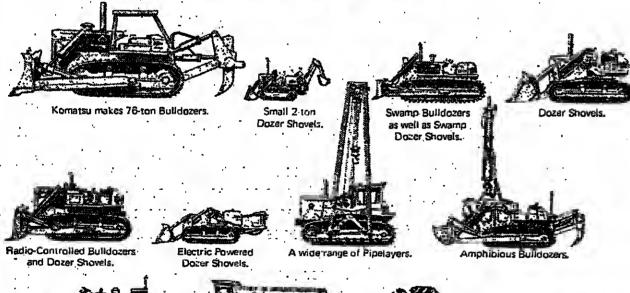
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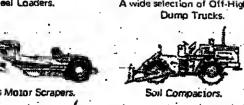


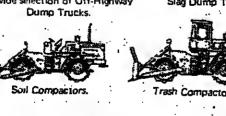
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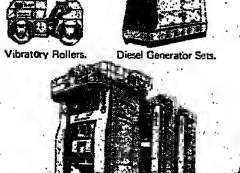






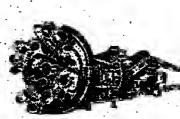
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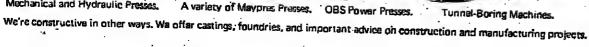












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# Survival the basic motivation

AND the JAPAN industrialised countries of Asia share one very important basic motivation for economic growth: —sheer survival. The South Koreans face a serious and unpredictable military threat from the North, and Taiwan risks absorption into the mainland with which it is still officially fighting a civil war (though not a shooting war at present). For Japan, the issue of survival must be traced back over 100 years when the leaders of Emperor Meiji's Government realised that only a strong modern industry would prevent encroachment on the

nation's sovareignty by Western powers bent on colonialism. The emergence of strong economies in South Korea and Taiwan over the past two decades in many ways resembles what bas bappened in Japan over the past century. Both Taiwan and South Korea, however, found themselves in states of even greater destruction and disarray as they began to plot development from wratch — neither had the long experience with industrialisation that had enabled Japan boldly to challenge (albeit unsuccess-fully) the U.S. and Europe in a

A graph of Japan's economic development from 1870 would show nearly uninterrupted growth disrupted seriously only by World War Two and its aftermath. Owing to a fortuitous series of events (including the extension of U.S. aid after the decision was made in Washing-ton that Japan needed a stable economy during the rigours of the Cold War era), Japanese industrial output exceeded prewar levels as early as 1951. (In 1948 the economy had been operating at two-fifths of the 1937 level.) It was not until 1960, however, that Japanese exports regained their pre-war

Meiji planners, the forerup-ners of the Ministry of International Trade and Industry (MITI), set out in the 1800s and 1870s to establish indusindustry on the previous regime's base, textile mills (the first based on French and Italian models in 1870), cement plant, tile works, woollen mill to clothe the army, developed transport, etc. In 1880, according to G. C. Allen's "Short Japan." the Government owned or possessed three shipyards, 51 merchant ships, five munition works, 52 other factories, ten mines. 75 miles of railway and a telegraph system linking all the major cities.

The Meiji Government provided the seed money private enterprise to develop (as did Taiwan and South Korea a century later), eventually passed Government projects to private handa and established a private banking system which was to play a crucial role in the rapid expansion of Japanese industry in the post-World War II period.

### Lessons

Japan, as perhaps tha original NIC, concentrated first on building industries which would provide substitutes for imports—a strategy adopted in initial stages of development in Taiwan and South Korea.
Exports consisted mainly of raw materials of which raw silk and tea were the most important. Imports of manufactured goods, most importantly fextiles, rose rapidly and included machinery, ships, railway equipment, munitions and other manufactured metal products. (Great Britain beld about half the import market, not only hecause bigh quality products, but as a result of a highly developed organisation for conducting foreign trade, experienced trading houses and financial machinery. These lessons the Japanese and other NICs have learned well.)

Japanese manufactured goods were low on the list of exports and mostly came from smallscale industries. A highly developed small-scale industrial sector would prove to be the underpipning of Japan's later econamic success, by providing a buffer on which large industry could develop. Japan still does much to protect the small and medium sized entrepreneur. South Korea by contrast has concentrated heavily in recent years on building up the heavy industrial sector for exports, while Taiwan, like Japan, bas achieved much of its initial success in exports as a result of smaller, light industries.

All three countries entered periods of industrialisation with large agricultural populations from which to draw workers. In the 1920s, Japan asw a shift in employment in agriculture, forestry and fishing from over 50 per cent of the total, and the percentage has dropped to 23:5 cent in 1975 and is projected at only 8.8 per cent by 1985. South Korea and Taiwan both had about 33 per cent of their total population in agriculture

in 1977, Taiwan having hroken

the 50 per cent mark in 1957 and South Korea dropping

### **DEVELOPMENT STRATEGY**

RICHARD HANSON

Triwin now testifies to that these groupings are the Gov-depth of the influence Japan's ernment mandated General development has had from the Trading Companies, imitating 1850s onward. The machinery the Japanese giants, through in most plants, the products on which the Government is department store shelves attempting to funnel its export (Japanese or products similar drive. The key industries. in most plants, the products on which the department store shelves attempting t those produced in Japan), cars, trucks, the subway system in Seoul all bear the mark of Japan. Even more important for their development than the signs of Japanese post-war success, however, is the experi-ence both countries had while under Japanese control before

The Japanese were harsh administrators in Korea, crushing nationalism and attempting to force Japanese language and culture on the local populations. They also provided the hasis on which those economies would expand, more so in Taiwan

than South Korea.

Taiwan served as a major source of agricultural products for Japan (about 25 per cent of its rice before the war). Japanese administrators organised and developed this sector and at the same time introduced rail and port facilities. Japan also built a number of heavier industrial projects, many of which were destroyed during the war, but which did introduce the island to modern

### Kavaged

In Korea the heavy industry was concentrated in the north, which left South Korea virtually bare of all but light manufacturing and agriculture after the division. The entire Korean peninsular was ravaged by the Korean War. The Japanese, howtries which would work to Korean War. The Japanese how-strengthen the military. They ever, left the country with a huilt a modern munitions tradition of efficient bureacracy -one which was to flourish in the 1960s and 1970 as the prime mover behind rapid economic

> South Korea appears in many ways to have consciously ernment agencies defining The capacity to defeat a followed the Japanese model for goals, the close relationships Northern attempt at takeover. development. Japanese com-panies were fundamental in and joint ventures. In fact, tion. Japan provided about 60 per cent of the foreign investment in South Korea and about an equal amount of the technology it has brought in from the out-

dustries have opted for the much less important today than

below 50 per cent late in the broad business groupings that 1980s. form the core of the Japanese Travelling in South Korea or economy. The centrepiece for which Korea has selected for development, like shipbuilding, steel cars, petrochemicals and textiles are not only modelled after Japan but are directly competitive with Japan. In Taiwan, the Nationalist

concentration still on substituting for imports rather than exports as is the case in Communists, has been much Korea. The Government has more zealous and successful in recently offered some incentives controlling inflation.) gearing up for heavy industrial for the development of largescale trading houses and is encouraging large-scale businesses, but they do not seem to suit the Chinese businessman's mentality. The 10.000 small trading companies in Taiwan (which has a population of only 17m) testifies to the depth of individual. small-scale entrepreneurship.

The Government's economic planners are moving now to-wards more sophisticated, hightechnology manufacturing industries. It sees these as a natural step from the lighter electronic, textile and assorted industries which at present (along with the traditional agricultural sector) make Taiwan's exports as large as those of South Korea (which has twice the population).

The similarities between the NICs and Japan can perhaps be summed up as those of resources (very few), the fact that post-war reconstruction served as a spur for rapid growth, efficient central bureaucracies with Govbetween Government and busi- or perhaps launch its own helping to establish certain key for the political and social sysindustries, like textiles and tems (Confucian), and a high electronics, through investment degree of literacy and educa-

dependent on exports and has a highly developed economy which dwarfs its neighbours (China excluded). Direct Government involvement The South Koreans in their ownership in industry, though drive to boost beavy export in- a key factor 100 years ago, is

Japan, however, is not as

in the NICs. Japanese defence spending has not been a major factor in development since the last war, while it is a very important concern in South Korea

and Taiwan. Japan has developed without major incursions of foreign ownership and investment (while enthusiastically enlisting foreign advice and technology). Taiwan and South Korea were heavily dependent on such investment. This is perhaps due to the critical role the well developed banking system in Japan played in funnelling capi tal to companies which were expanding at a pace well beyond constraints that balance of payments should have impose Japan can also rely on a strong tradition of high rates of personal savings, which is true in Taiwan but only recently so in

South Korea. The major disruptive force Government has taken a much more cautious approach to ing in the large plans were drawn up for 1970s plans were drawn up for Korea is plagued with a much more ominous problem in inflamore ominous problem in inflamore ominous problem in inflamore ominous problem in inflamore ominous problem. (Taiwan, parity because tion. (Taiwan, partly because its leadership from the mainland feels inflation was a major reason for its defeat by the

### Sense...

It must also be remembered that Japan since the war has been recovering from a serious setback; the NICs are derclop-ing countries in every sense of the word.

Finallay, one must come back to the motivation for development. Japan's crucial period for confronting the question of survival was a century ago. Barring some unthinkable calamity, Japan's survival is assured. It can now turn its economic strategies toward corsolidating the economic gains has made. It can even afford the luxury of thinking these newly industrialised countries are developing as extensions of its own economic success, and within its economic sphere pi

For the NICs, survival is still a matter for the present and future. The development of South Korea is taking place under the guns of the North. ning of huge strategic industries to match the North. Its development has been aggressive.

Talwan faces a very different environment. Present conditions virtually rule out an invasion militarily by China: the cost would be too great. Instead. Taiwan's alm must he to continue for an indefinite period of time to remain self-sufficient economically and independent politically.



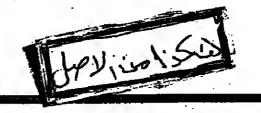
ship fleet to the expansion of international rade. Its 30 lines routes, which include 9 containership routes, make in fact the largest single shipping net work in the world. Mitsui O.S.K. Lines' over 280 ship fleet is already well known for its orne

tainerships, cargo freighters peavy lift carriers; tankers, pure car carriers and other types of specialized curriers. Recently, however, in his added multipurpose carriers capable of shipping everything from containers to heart cargoes to its Africa and Midsle East routes.

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# Heavy dependence on imports

DURING 1978 Japan's per capita Gross National Product expressed in dollar terms came very close to that of the U.S. Japan's extraordinarily rapid approach to the state of a mature industrialised economy was further evidenced by a

Reas and band issues for over seas horrowers.

But despite this clear evidence that Japan is a mature economy, moving rapidly toward the status of a capital exporting nation, one basic difference sets if apart from eiter industrialised nations. That is its very heavy dependence on external sources of raw materials to feed its modern industries.

Although all major indus-

Although all major indus-trialised nations depend to some extent on external sources rialised nations depend to some extent on external sources and several, and a several sources are such key resources as several and indonesia, are already major suppliers of resources are likely to rise at the price and supply of such resources. The implications in the price industries.

The implications have been entry to find a price of oil and increases in the price of oil and provided a predict in the price of oil and increases in the price of oil and increases in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided a predict in the price of oil and provided

Japan's economy has rlearly may experience a shortfall in "improved" or elaborated in been one of the most sensitive oil supplies in 1979 equal to Japan (or in some cases merely to the availability and intring 10 per cent of its requirements. sub-licensed in their original

RESOURCES

TAIT RATCLIFFE

massive rise in capital exports increasing pressures on existing 1978 in the form of ing resources.

A third Japanese move for solving the resource availability ingert investments, syndicated. The accompanying table sugards and band issues for over gests Japan is very much the development of overseas solving the resources whenever sources whenever possible. Its giant in economic terms in the underlying attitude has been that while resource prices rise. Gross National Product is still a substantial multiple of that of even the wealthiest Asian nations. Nevertheless, the average rate of expansion of the Asian nations shown in the table (excluding Japan) between 1972 and 1976 ranged from 6.5 to 11.2 per cent annually in real terms.

Although some nations have abundant supplies of various resources, and several, such as Australia and Indonesia, are already major suppliers of re-Gross National Product is still

in resourca development over-seas has been diversification of supply sources. This is most dramatically evidenced by the fact that whereas about 31 per cent of Japan's oil supplies came from Iran in 1973, by 1977 the proportion had been reduced to 7 par cent. A third Japanese move for

that while resource prices rise, over the past decade have been so long as the industrial struc-ture is upgraded and produc-and LPG as a source of energy tivity is increased it should be and a shift to nuclear power. able to purchase the required Leading power utilities, resources. In brief, so long as together with other private resources are available at some interests and governmental price, the nation with the higher organisations, have also been rate of productivity increase and prirchasing power should be able types of power generation such to obtain them.

Another Japanese policy expanding LNG as it moves from a liquid to a gaseous state

to generate energy; (b) alterna-

primary resources has been to invest in more offshore processing facilities. In some industries there has been a gradual transition towards the import of intermediate intermediate or final products rather than raw materials. Since the raw material resource commust be smaller than in the case of 100 per cent raw material imports, the impact of resource cost increases on price levels is reduced. In addition, the import by one country of greater amounts of intermediate or finished products, permits exporting nations to create more jobs and increase their

tive energy sources such as policy on resources has been inventions. Siquefied coal; and (c) more to invest in development of classic in efficient transmission through tuture supply sources, diversify in this field ultra high voltage transmission.

A further step aimed at alternative resources and shift industry or reducing Japan's dependence on some processing of raw steelmaking materials offshore to provide greater incentives in the supplying nations for resource

development

It appears that each of these policies can he pursued to the benefit of Japan and the new industrial nations in the coming ponent in these latter products years. The questions which must be smaller than in the remain, bowever, are (1) Are investments currently heing made at the eppropriate level, given information on future requirements? (2) Can investments in new sources of supply and alternative resources be made more efficiently than at present? (3) Is the co-ordination of resource policies among various nations sufficient?

### PER CAPITA INCOMES

·		GNP	
		(Sbn)	. Per capita
Japan	· (1975)	490.7	4.399
•	(1976)	554.4	4.917
Korea	(1975)	19.1	541
	: (1976)	25.3	707
Thailand	(1975)	· 14.5	347
	(1976)	16.3	379
Philippines	. (1975)	15.8	371
	(1976)	17.8	407
Malaysia	(1975)	9.3	780
	(1976) -	11.0	894

# Central clearing house

TECHNOLOGY licensing agreements signed with Japanese companies bave provided the basis for a vitally important part of the industrial development of Korea and Taiwan over the past conple of decades. This is not the same thing, bowever, as saying that Asia's new industry stands on Japanese technological foundations. Almost all the know-how that Japanese companies have licensed to eager purchasers in developing Asian countries has consisted of sub-licensed in their original

TECHNOLOGY CHARLES SMITH

mented in a series of surveys

published by the Science and

desire to lessen their technological dependence on Japan U.S. or European ideas (and increase the flow of ideas "improved" or elaborated in and expertise from the West). A second point is that Japan itself is facing increasing difficulty in inducing technology from the West. The facts of Japan's position in the world-wide interchange of technology are well docu-

the availability and pricing 10 per cent of its requirements. Sub-licensed in their original of resources. The adverse effects Reports from Korea and Taiwan also suggest the possibility of shortfalls of comparable magnitions there is sensitivity to rising raw material prices mad Taiwan as rapidly industrialising mations there is spariform and policies to date residence, that we may be on have been appropriate and can the threshold of an era when the desired like threshold of an era when the direct toward higher and higher levels of income through a providing sufficient middleman between East and Tollowed by Tapan will lead to resources at stable prices for the West-may, however, turn ont to

be limited in future. One reason ongoing as well as new confor this is that neighbouring tracts are included) but in sub-Asian countries are showing a stantial surplus with developing regions, including East Asia (which ranks as the largest regional customer for Japanese know-how).

Just under 40 per cent of

Japan's total overseas technology sales (by value) were made to other countries in the Far East in 1977 (1978 figures not yet available), while no less than 99.8 per ceot of its technology imports came from the U.S. and Europe. If one Technology Agency and the looks at new contracts only, Prime Minister's Office (a government department whose work includes conducting statistical surveys). These show that Japan is in deficit on its international exchange of technology since tical surveys). These show that Japan is in deficit on its international exchange of technology since the department of the contract of the

which is one of continuing dependence on the West and con-

negative factor would seem to be the continuing inability of the Japanese private and pub-lic sectors to generate basic new ideas which would enable the country to emarge as a source rather than a processing centre of industrial technology.

dual enterprise, have inhibited Japan. Simultaneously with the the kind of original thought growth of resistance in new in-which produces "basic" tech-dustrial countries to the purnological breakthroughs in the West. What they do not deny West. What they do not deny there has been growing opposi-(and this is where the positive tion in the West to the sale to side of the picture begins to Japan of new technology appear) is that the very same (mainly because of the belated Japan is in deficit on its inter- at about 50 per cent of images of the belated national technology trade by ports. This, however, does not made the Japanese bigbly sucbeen able to do with its acquired approximately two to one (if alter the geographical balance, cessful at tinkering with, and know-how).

To sum up then, Japan's improving on, other people's

Classic instances of success in this field include the perfecting by the Japanese steel industry of oxygen furnace steelmaking techniques and continuous casting techniques originally developed in Europe —with the result that steel is one of the two Japanese Indus-tries which currently has an overall positive halance on its international technology trade.

The other positive factors which bave enabled Japan in acquire its key role in the transfer of technology to developing Asian countries are the more obvious mes of proximity and cultural affinity. Japanese engineers and technicians have bad an easier task of educating counterparts in Korea and Taiwan (though not necessarily in Hong Kong or Singapore), than Western engineers would have bed-besides being more ready to accept long postings in

the countries concerned. In addition Japanese trading companies (or some of them) have made a speciality of ferret-ting out opportunities for the sale of know-how to Asian neighbours. Hence the position in Korea, for example where Japan was the source of 487 out of 737 know-how agreements signed with foreign licensors This trend has been between 1962 and 1976. (The publicly — and anxiously — U.S. was second with 158 cases, commented on by government leaving France and West agencies such as the Science leaving France and West Germany far behind with 23 and

seven cases respectively.) notabla instances of on-licensing fact that the post-war techto Korea of basically European nology gap between Japan and technology by Japanese companies. One of the earliest and to close). It can be documented most important involved the establishment (in 1965) of what number of new know-how was then the world's largest agreements signed annually urea fertiliser by the Samsung between Japan and Western tinuing passing-on of know- group using technology licensed ledge to neighbouring Asian by Mitsubishi Corporation.

Japan's position as a clearing the immediate provider of inhouse for technology derives dustrial technology used by ern sellers (for example, resfrom a number of internal and emerging Asian countries bas trictions on the area in which not surprisingly involved it in products made with the techand some positive. The major controversy from time to time. nology may be sold). The Koreans have complained about restrictive conditions attached to some technology agreements (for example, with of technology is to try to regard to marketing) and the outdated nature of the know-how provided by others.

The result bas been a tendency for the Korean Govern-ment to "guide" companies to Japanese officials say that the ment to "guide" companies to nology exchange between Japan nation's social and educational buy their know-how from source and the West. A real assault systems, by encouraging team —even if this proves more on the technology problem work and discouraging indiviewers, have inhibited Japan. Simultaneously with the finding the means to increase chase of technology from Japan

JAPAN'S TECHNOLOGY TRADE (1976—per cent) IMPORTS. (Y177.3bn)

W. Germany Switzerland France Others **EXPORTS** 

(Y83.4bn) East Asia Total China Knrea Taiwan Indnnesia Europe Italy Holland W. Germany France UK N. America Total Brazil 13.5 Others

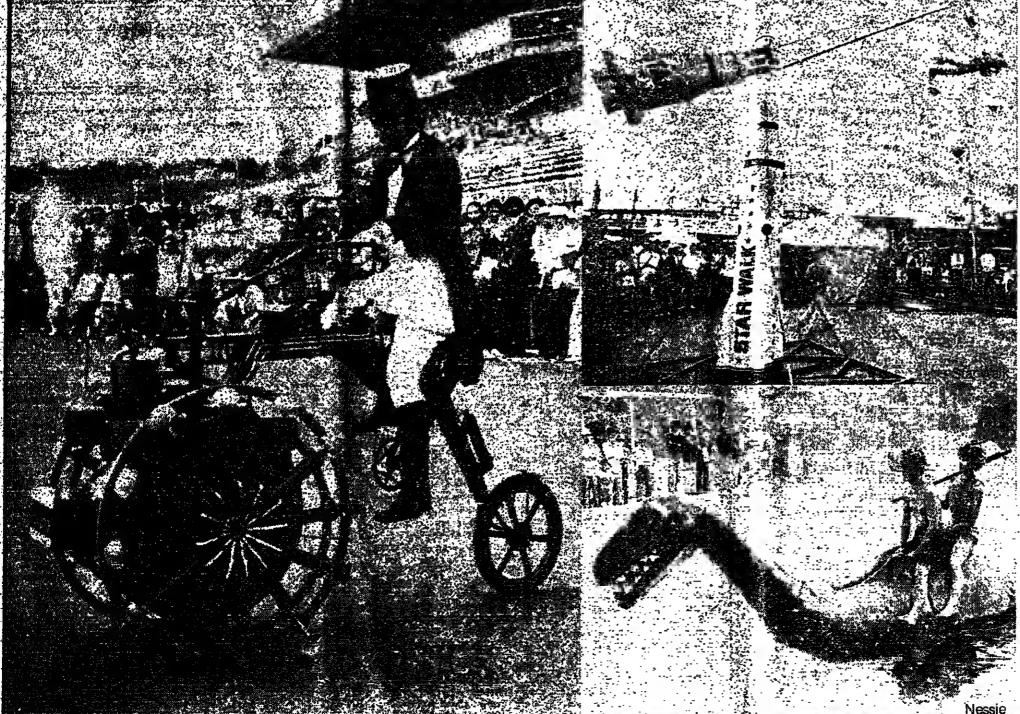
Note: Figures cover new con-

tracts and contract renewals.

and Technology Agency (which even cases respectively.) also attribute the slow-down of There bave been a number of Western technology sales to the countries and by a steady iny Mitsubishi Corporation. crease in the number and range Japan's dominant position as of restrictions placed on Japan's

> stimulate cross-licensing deals between Japanese and Western companies, but such deals still constitute only a very small proportion of the total techthe resources it puts into basic research and into the cultivation of individual qualities needed for generating new ideas. While Japan is trying to achieve this the chances may grow for Europe and America to promote a direct exchange of technology with the newly industrialised countries.

# Honda loves new ideas. Even the ones only good for a laugh. It's called the Choo-Choo Cycle (left). The rider



pedals to generate electricity that fires the boiler that produces the steam to move the world's most inefficient vehicle along at an amazing top speed of 0.5 kilometers per hour. Honda encourages employees to create hundreds of madcap inventions, like the Choo-Choo Cycle, as part of the biennial All-Honda Idea Contest. The aim is to achieve greater personal fulfillment through creative recreation. Employees use their free time, company grants and Honda facilities to turn dream inventions into reality. As a result, more creative thinkers produce quality Honda products.

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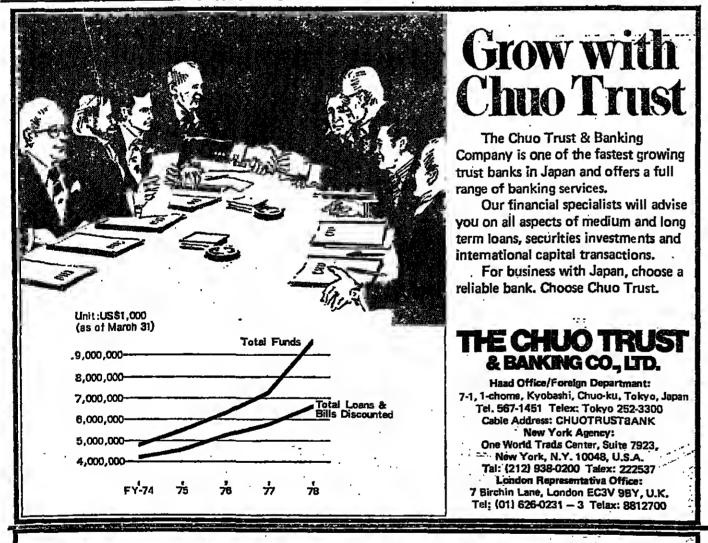
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# Essential role in region's growth

investment presence in East and South Eest Asia is critical to Japan's continued conomic success as well as a key factor in the rapid growth of East Asia's economies. It is oasic to Japan's cconomic strategy that new capacity in labour-intensive and energy/raw material intensive industries shirts offshore 25 Japanese domestic investment moves to higher value added sectors. This shift provides vital technology and capital to developing Asia, while Japan is the necessary market for much of these goods. The process is a mutually beoeficial one, which can lead to "co-prosperity" in

the best sense of the term. Japan's need for a rapid increase in offshore investment bas been well recognised. In the periodic views of the future put forth by the Industry Structure Council of the Structure Council of the Ministry of International Trade aod Industry, overseas invest-meot amounts totalling \$90bn have been suggested for as early as 1985-86, compared to the current modest total of some \$250n. The oil crisis of 1973 and the subsequent economic crisis have slowed the rate of increase, and Japan is only now returning to the peak level of foreign investment reached in 973. The forces working toward

further increases are sub-

stantial, however. The economies of North East and South East Asia are now the principal focus of Japanese investment. This bas not previously been the case, since Japan was earlier putting in place the service and financial foreign investments necessary in support of the economy's trade position in North America aod Western Europe. However, over the past decade, the emphasis on overseas investment has shifted to manufacturing, and the proportion invested in Asia has been rising rapidly. Asia now is host to 30 per cent of Japan's foreign investment, and the current total, some \$5bn, is already about equal to the U.S. investmeot in the area.

Another measure of the special attention paid to Asia is the number of subsidiary companies established in various areas. These are already substantial for some Japanese companies. For example, the leading foreign investor among Japanese manufacturers, Matsushita Electric, has already more than 50 subsidiary companies overseas, with a combined sales output of nearly \$1bn. In 1977 Japaoese firms are reported to have established 250 subsidiaries. Of these, 40 per cent were in 'Asia, with Singealone bost to 23. (Note that Asia for Japanese investment teods to stop at Thailand: Japanese investment in South Asia-India, Pakistan and elsewhere—is of little importance.)

The factors that have brought about this level of investment are likely to remain effective, and to be reinforced by the increasing valua of the yen, making foreign assets less expensive in yen terms. With respect to East Asia, these forces for increasing overseas investment by Japan can be seen 10 two main thrusts.

Labour costs in Japan are a principal factor working to bring about Japanese investment in the area. Japan's labour of Japan's trada relations with rates are now high. In the con-the four new sumer electronics industry, for tries of the example, Japan's labent rates are now nearly twice those of its domestic industries against the United Kingdom. More their exports of manufactures. important, Japan's rates are 10 timea those of South Korea. Rather clearly then, Japanese firms under cost pressure in labour-intensive industries find the prospect of investment in Korea, Taiwan, Hong Kong and Singapore attractive.

As a footnote to the labour issue, it might be noted that these economies of developing Asia are the ones dominated by Chinese cultural patterns if not by ethnic Chinese. The quality of labour is high. The and of labour discipline that Japanese firms have learned to manage domestically is available in thase Chinese/Confucian

This shift of labour-intensive a preferential rate of duty manufacture to developing under the UN Generalised Asia is indicated by the scale of Japanese investment in the No less than a fifth of Japan's area. Looking at the scale on import of global manufactures an approval-basis (applications originates from South and East epproved by the Ministry of Asia, mainly from the four-Financa for foreign investment) countries under discussion, a the average of Japan's invest-share only marginally below-ment in all of East and South-that supplied by the entire EEC. East Asia is small, typically \$500,000 or less. The number of investments is substantial, how-

The Korean case is perhaps the prototype of Japan's position in this type of investment. This very fast growing. strongly exportfocussed, had a total of 668 Japanese investment projects in place by tha end of 1977. This is more than three-quarters of the total of all foreign investment projects in Korea. It is the Japanese who are making the running in taking advantage of Korea's growth and Korea's strength as a base for exporterlented manufacturing opera-

lo contrast, the UK was reported as having undartaken only four projects in Korea to that date, and indeed all of Western Europe together intensive facilities were located totalled less than 5 per cent of abroad, typically in the NICs.

### INVESTMENT IN ASIA

JAMES ABEGGLEN

tend to be somewhat smaller in capitalisation than other foreign investments, averaging under Sim each, but nonetheless they account for 60 per cent of the total of foreign investment, while all Western Europe is only 20 per cent of the total.
This strong, indeed dominating, Japanese presence in Korea is in fact rather against the efforts of the Korean Govern-ment, which makes no secret of its interest in increasing U.S. and European involvement in order to avoid too-large a Japanese presence. It would appear that Western negligence or disinterest, combined with Japanese interest, combined with the geographic advantages of Japanese companies with

the cases of foreign investment in Korea. The Japanese projects

This pattern of a great many investments, each rather limited in size, is the general one for most Japanese investment in tha area One reason for the limited scale is the fact that those investments are often in light industry and assembly, where only limited capital is required. Another reason is the interest of the Japanese in joint ventures rather than whelly owned operations, and a desire to include local capital partici-pation. Often the local partner has only limited capital available, and the venture is financially structured to accommodate him.

respect to Korea, are providing Japanese companies with the major opportunity.

This investment pattern is likely to continua to prevail with respect to Japanese invest-ment in South Korea, Taiwan, Singapore and Hong Kong investment for access efficient, inexpensive labour; investment in search of an export base; investment to supply both the domestic Japanese market and of world markets; investment largely in light assembly and textiles.

There is another, equally important category of Japanese investment in east Asia, focussed on raw material resource developing and processing. The reasons for Japan's investment abroad in this sector are many and press-From the Japanese domestic point of view, most of industries · refining, smelting and reducing of materials and ores - are energy intensive, and Japanese costs are quite exceptionally high. Land costs in

Japan are high; further, sites for additional capacity for this kind of processing are difficult to obtain. Pollution control requirements are stringent and costly, amounting now to some per cent of total plant and equipment investment, and higher than that proportion for these pellution prone

In consequence, Japan needs to put incremental capacity in a range of industries centring on raw materials offshore. In fortunate coincidence, host countries with supplies of these raw materials are eager that vaine be added to the materials before their export. Thus the supply of Japanese capital and technology along with the assurance of access to the very large Japanese market for the materials is welcomed. For Japan, this means assurance of vital material supply, as well as making economic sense.

Indonesia is the prototype for this category of Japanese investment A quite exceptional preportion of Japanese foreign investment, some 15 per cent of the cumulative world total, has so far been invested in Indonesia. The average approved investment proposal is very much larger than is the case for the rest of the economies of East Asia, some \$4.5m in contrast to the more typical \$500,000. This total is no doubt askewed by such very large projects as the Asahan beuxite refining project being led by Sumitomo Chemical. It is, however, just such projects that represent the importance of Indonesia for Japan's future.

In fact, Indonesia is so important in Japan's overseas investment pattern that it is second only to the U.S. as a site. Considering that the U.S. is host to a considerable amount of Japanese investment in trade and finance, it seems likely that Indonesia is the single largest site of Japanese foreign industrial investment.

of resources—petroleum, timber and non-ferrous metal ores. Japan needs the materials and indeed is the only market for much of this output. The materials in Indonesia improves Indonesia's ability to purchase higher level goods from Japan. As with Japan's investment in search of labour, the cycle is a Boston Consulting Group.

mutually beneficial one.

A similar pattern, although less striking, applies with respect to the Philippines and Malaysia. Labour supplies in these economies are less attractive, development of new material sources is highly

attractive. This immediately raises for the Japanese the issue of acceptance. The historic U.S. problem regarding Latin America — the exploitative colossus of the north—can be replayed in an Asian context. This issue of attitudes and policies toward Japanese investment is a complicated one. Cerment is a tainly there has been a fashion to describe the Japanese as unwelcoma in much of Asia. Hard evidence on the matter is more difficult to come by. Is this likely to be major nymbers? likely to be a major problem?

There can be little doubt that there are and will be tensions around Japanese investment. There is little indication, how-ever, that investments to date have been deferred or interfered with as a result of hostillty arising out of issues of exploitation or hostility. The unofficial Indonesian Govern-ment position is put plainly foreign investment is required, and if it be Japanese, so be it. It is our task to control and direct that investment. If we fail to do so, it is our failure.

The plain fact is that South East Asia needs Japanese investment, and it is in mutual interest that it be made, and fondness has little to do with the matter. It is further a fact that the Japanese are sensitive even hypersensitive to the problem. Thus joint ventures with local partners are sought, which helps to mitigate potential problems. Negative local reactions are probably exaggerated in the telling and do impreva host country negotiating positions vis-a-vis Japanese investors. Economics look like overriding, in any event. These large resource-focussed

projects suggest an interesting issue for world trade in the 1980s. These investments are world-scale, in order to achieve maximum economic efficiency. They are likely in their early stages of ontput to provide surplus product, greater than the local and Japanese markets can industrial investment.

The interaction is a mutually useful one. Indonesia needs a new fector in world trade—Japanese investment for competition in U.S. and Euro-development of a wide range pean markets from materials from South East Asia developed from South East Asia developed in Japanese capital, but not by Japanese capital, but not Japanese in origin. This might well include petrochemicals, alumininm ingot and other proaddition of value to the raw ducts where Japan has not before been a competitive supplier.

The author is President,

# Open door policy towards NICs

the four new industrial counbasin is bow little It protects There are almost no quantitative restrictions of the kind which the EEC and the U.S. have increasingly imposed on pliers. Korean shirts, Taiwan sheets and Hong Kong menswear enter the Japanese market unrestricted, since Japan alone of the advanced industrialised countries has not sought to take advantage of its rights under the GATT Multi-Fibre Arrangement to regulate textila and clothing imports in the event of market disruption.

Moreover, most of the manufactures coming into Japan from the East Asian newly industrialising countries (NICs) enter at System of Preferences (GSP).

Textiles, including clothing;

provides the oldest cese history this complex relationship. deed it was the American restriction of Japanese textile xports in the 1960s which gave the NICs their first opportunity to follow boldly in Japan's in-U.S. imdustrial footsteps. porters desperate for new sources of cheap supplies after the "closing" of Japan virtually pleaded with Korean, Hong Kong and Talwan manufacturers to enlarge their capacity to meet the new situation—and that boom has gone on almost

But the Japanese were sensible enough, both at the manufacturing investment and phase out the cheaper end of their textiles industry. Labour**PROTECTIONISM** 

DICK WILSON

JAPAN'S	TRADE	WITH	NICE	•
	(\$m			
lmpo 1973 1.207	1977	Expor	1977	Bal.
1.207	2.112	1 799	4.080	± 522

Hong Kong

while home plant was made more sophisticated and auto-The process is ongoing; the Ministry of International Trade and Industry (MITI) estimates that between 10 per cent and 30 per cent of the textile plant in operation at the beginning of the current fiscal year will be scrapped by its end next March. The Japanese tex-tile industry still accounts for 9 per cent of the nation's industrial output and employs 11m people. But MITI is less rent by the clamour of near-bankrupt extile industrialists for protection than its counterparts in the EEC and the U.S.

The result is that these imports are booming. Last year all woven fabric imports doubled, while those of yarns trebled; clothing imports regis-Japan is now a net importer of textiles—contrary to the popular image of the country...

officials how these imports are

Japanese equipment it needs for future development. If Japan were to clamp down

on Korean textile sales in Japan there would be an outcry in Seoul for retaliatory action and the upshot of this policy would regional trade harming to all parties concerned. Besides, Foreign Ministry officials in Toylo believe that a capitulation to regional protectionism would make them more vulnerabla to European and American restrictions. At the moment they can claim clean hands when it comes to controlling manufactures imports, so that the EEC and the U.S. cannot say: "You do it tee."

Another factor is of course

that some of the plant in the NICs is Japanese owned, so that any control in overseas markets. or the U.S., would ultimately bave an impact on Japan itself In the long run it is tempting If you ask Government to think that Japanese industry might map out its own cartel. Received and in the damaging competition, both in the Japanese market and in businessmen involved are well the Japanese market and in aware that Kores, to take the third markets like the U.S. can largest and most important case, be avoided. But there is no sign has a big trade deficit with yet of this energing and it is Japan and spends every peany hard to see how Korea or Taican on the sophisticated wan would ever agree to it. So

CONTINUED ON NEXT PAGE

ALTHOUGH JAPAN is now the ALTHOUGH JAPAN is now the dominant economic power in East Asia, formation of a yen zone ia considered a remote possibility hecause many of the region's correncies remain effectively tied to the dollar. Despite an increase in the yen's international use and holdings, the Japanese currency also conthe Japanese currency also continues to be a satellite orbiting around the U.S. currency, rather than a planet maintaining inter-

The steep appreclation of the yen during the 1977-78 period, when its value rose from around Y292.00 to the dollar at the beginning of 1977 to around Y176.00 late in October 1978, showed the remarkable resilience of Japan's economic structure towards exchange rate fluctuations. At some stage there was an outcry from Japanese industrialists and businessmen that the Japanese economy would be ruined if the floating yen was allowed to appreclate further. They mis-judged or underestimated the fundamental strengthening of the Japanese economy resulting from structural changes which took place in the 1960s and which belped Japan to overcome the oil crisis of 1973. But the Japanese Government avoided taking any measures that would effectively stop appreciation of the yen, except for intervary attempts at curbfor lukewarm attempts at curbing exports and encouraging imports, and occasional massive dollar - buying intervention, which did not succeed in halt-ing the yen's advance until the U.S. joined the effort with the Carter package of November 1, 1978.

### Strength

Japan bas become the second largest economic power in the world after the United States in terms of gross national product. Such a strength of the Japanese economy may suggest that the yen is qualified to become an international currency, accepted widely in the world, to supplement the dollar. There bave been discussions on the possibility of Japan forming a "yen zone" in South East Asia, just as the European Monetary System has been formed with the German

Japanese Finance Ministry, said in a recent speech that "formation of the yen bloc bas frequently been referred to in association with internationalisation of the yen, and the concept now seems to be motivated pre-war concept of the Greater Asian Co-prosperity Sphere is regional union barricaded by

EMS. Dr. Triffin was reported advanced industrial countries in the bave suggested to a senior Japanese official that Japan should reconsider his proposal.

Officials of the Japanese and South America, OPEC and Ministry of International Trade other developing countries, iron fist inside the velvet glove.

THE YEN

SABURO MATSUKAWA

1930s to relieve the yen of its accounts for less than 30 per excessive dependence on the cent of the total. dollar, because uncertainties about the U.S. currency are Japanese currency violently. While the yen was appreciating steeply and Japan's external demand for the yen as external demand for the yen are the yen as external demand for the yen as external demand for the yen are the yen a steeply and Japan's external reserves snowballing in the 1977-78 period, some Japanese monetary experts suggested that the Japanese Government should impose an export duty on all exports and the yen revenue should be used to buy dollars from Japan's external reserves for contribution to the Asian Development Bank to be the yen is still essentially a lent out to countries in the local currency and held over-region. Although the loans were seas as something like portto have been mainly in dollars, the yen was also to play a role.

For many countries in East Asia, Japan is a major trading partner as well as a leading supplier of capital for their development of natural-resources and industries. In addition to trade and invest-ment, increasing ODA and other forms of finance supplied by Japan to these countries are resulting in enlarged use of the ven. Some countries not only hold the yen as part of their official reserves, but also partially link the value of their currencies to the yen in "basket formulas." The fact remains, however,

that most of Asian nations' trade is settled in U.S. doilars, to wolch their currencies are closely linked. The dollar is believed to be the main content of their external reserves and their "basket formulas." although their yen content is said to bave increased in recent years. Japan's own foreign trade is also chiefly conducted in U.S. dollars. Only between 20 and 30 per cent of Japanese exports Mark as a core.

Mr. Masao Fujioka, former
Director-General of International Finance Bureau of the cenl of Japanese imports are paid for in yen. This condition, coupled with Japanese exchange controls, tends to aggravate the exchange rate fluctuations on the Tokyo foreign exhange market.

Japanese monetary officials Asian Co-prosperity Sphere is thus point out the yen is in a mot diplomatically wise. Nor is different situation from the it economically prudent to have the yen bloc, if it means a regional union barricaded by as the three key currencies. regional union barricaded by foreign exchange controls."

During the early 1970s, Dr. Rohert Triffin, noted authority on international monetary affairs, proposed the establishment of an Asian Payments Union, but Japanese officials fiatly rejected the idea, Following the recent formation of the EMS, Dr. Triffin was reported to bave suggested to a senior Japanese official that Japan should reconsider his proposal.

and Industry are reported to be rather than forming closer 

> The official way of thinking is that Japan should follow the as external demand for the Japanese currency iocreases. Former Finance Minister Former Finance Minister Tatsuo Murayama made a state-ment in the National Diet (Parliament) in 1978 that the Japanese Government does not believe necessary conditions exist to form a "yen bloc" in South East Asia. Japanese monetary officials believe that follo investments in securities or investments in some world market commodities. capital market has expanded rapidiy in recent

years as a place to raise ven-denominated bonds or syndicated loans. But it will be some time before the Tokyo money market develops into the centre of trading by Asian nations in the yen. Such a development will presuppose liberalisation of the domestic Japanese money market, which leading is currently controlled by a zone

rigid interest rate structure. Until toon the yen will remain closely linked with the U.S. dollar. Attempts will also he made at forming a range of fluctuations in the yen-dollar exchange rate to prevent violent fluctuations, but such a range wilt necessarily be changed often, in which case it will become almost the same system as the present floating rate as the present floating rate mechanism featuring central bank interventions to smooth out erratic fluctuations.

### Increase

While be was Director-General of International Finance, Mr. Fujioka tried to increase the use of yen-decominated export and import hills and create a yen market in Tokyo like that of banker's acceptance market in New York with the help of the Bank of Japan. Technical changes were made to open the way for such a development, but little pro-gress has so far been made. partly because both foreign traders and Japanese banks prefer to maintain their use of long-established dollar finance, which is much freer than the controlled yen finance. for Japan's foreign trade.

Yet it seems to be a natural course in the long run for Japan to use its increasing economic power to expand interchange with its neighbouring countries, particularly with the newly in-dustrialised countries such as Hong Kong. Singapore and South Korea, as well as with Australia and New Zealand further increasing the international use of the yen and leading to some type of you

# Open door

CONTINUED FROM PREVIOUS PAGE

lung as they are on the indus-trial ascendant they bave no incentive to collaborate with Japan. The same goes for Hong Kong and Singapore, also pos-sible members of such a club, itself evocative on a nonmilitary and non-primary materials basis of the Greater East Asia Co-Prosperity Sphere

of 40 years ago.

One must also recognise the cultural and racial antagonism; which darken Japan's relations with Korea and with any ls likely to be the rock on wblcb industrial integration schemes

wili founder. At the same time some steam seems to be running out of the Korean dynamo, and many Japanese predict it will fall victim to inflation. This would reduce the pressure to protect Japanese industry from Korean products, while also making slightly more attractive those blueprints for a free trade area betwen the two countries which a few enthusiasts have long had

Siik products are on quota from Korea (and also Chloa) because the silk growers and processors constitute a persuasive rural lobby in a country whose conservative government relles on rural votes. Silk is an important source of livelihood for the constituencies of at least two receot Prime Ministers. There is even a very small cotton item which is restricted for similar special reasons.

This kind of ambiguous role makes Japan an unlikely can-didate for the regular U.S.-EEC-Japan discussions on how to cope with textile imports. In GATT Japan is regarded as having a foot in both camps, denouncing protectionism as an exporter but reserving its rights as an importer. Recently it was obliged to choose its ground more definitively because of a clarification of the criterion for membership of the Textiles
Surveillance Body which oversees the MFA, and Japan is
now billed as an importer.
Yet the Korean, Hong Kong

and sympathy shown to their position by the Japanese delegation, in sharp contrast to the crude indifference of many of the American and European delegates. A similar remark could be made of the Multi-lateral Trade Negotiations under the Tokyo Round. Japan had to fight its way into GATT the hard way and sympathises with the efforts of the NICs to follow its lead 15 years later including membership of the OECD itself, for which Japan is ready to be a sponsor.

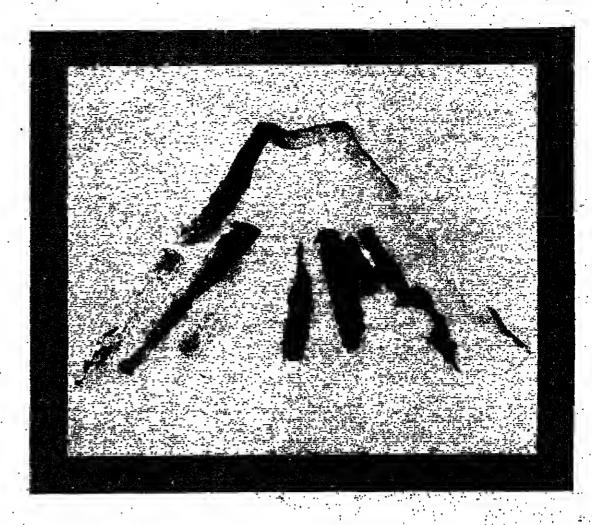
### Defensive

Japanese diplomats regard the OECD Secretariat's thinking on NICs as too defensive and restrictionist, perhaps absorbing some of the climate of its host country. France. The Japanese view is that "we can sell more to NICs if we buy more from them," and the Japanese solution would be to try to balance trade at the higher rather than the lower level. The accompanying table level. The accompanying table illustrates the thesis.

When you are making \$6ibn When you are making \$6;bn a year on your trade with four such neighbours you are not likely to cramp their exports to your own market. Nor has the relative importance of these transactions changed significantly: in Japan's global trade they represent only about 7 per cent, against 6 per cent in 1972. But Korca's deficit with Japan grew to S3bn last year and may hit \$4hn this year.

Japanese industry will go on rationalising and restructuring, as the shipyards, aluminium

as the shipyards, aluminium smelters and steelmakers have shown. But the NICs manufacturers will for their part improve their skills in packaging and selling to the Japanese market, being better placed to do of the Turanese. placed to do so than European or American exporters. In the long run some protectionism may be necessary. But Japan deserves credit for staving it off for so long and in having a more serious and realistic industrial restructuring policy than many European nations.



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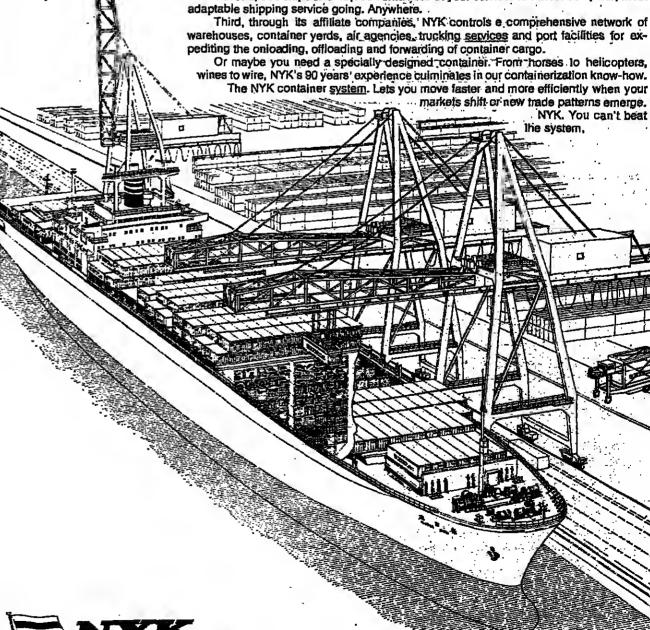
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# Shadow of the big neighbour

to me almost 20 years ago: "By Chinese insisted that the cost itself, we are not afraid of of some delay or mishandling China. It will be at least 50 was carried by the Japanese years before it can industrialise. side. But if it links up with Japan it will be a threat within ten

years. For us it is a nightmare." Nightmares aside (and it can be argued that if they do exist they have been largely self-induced) how much closer are we today to seeing the much debated and sometimes feared Sino-Japanese economic axis? And what does it mean for the industrialising nations of Asia?

The extent and direction of Japan-China ties is puzzling, even for those who watch the situation at close quarters. There is no doubt that Westerners tend to exaggerate the cultural link—shared religions, philosophies, ideographs and to some extent language.

At heart the Japanese and Chinese are two very different peoples — the former group-centred, emotional and nonintellectual, while the latter share the "dryer" and more principled approach of Western

Certainly Western, and later Russian, fears of an inevitable Japan-China tie-up during the 1950s and 1960s were never within range of reality. The conservative, anti-Communist rulers of Japan then were more than happy for the U.S. to take the initiative in keeping the Chinese excluded from Western markets. That, and beavy U.S. military spending in Asia, were mejor props for the Japanese economy. Few people realise bow strongly Japan campaigned through to the bitter end in 1971 to keep Peking out of the United Nations, even when it was clear the tide had turned firmly in China's favour.

the conservatives in Japan want closer ties, as a foil to the Soviet "cnemy." Vietnam and the Gang of Four have not shaken many on the Left from their long admiration of things

But this is still a long way from providing the hasis for a firmly co-operative relationship. And the more one looks heneath the glossy surface of endless delegations and multi-millioo Chinese, for example, have taken a particularly tough staod over the execution of some contracts with Japao. In the early days ooe came across fre-

AS A Russian intellectual put it ally beld to ransom while the

The Chinese had sensed the Japanese susceptibility to emotional pressure and were exploiting it. Back in the bad Gang of Four days one well-known heavy electrical maker found two of its staff virtually imprisoned in Peking until it repleced, free of charge, generators wrecked by untrained technicians. Chinese

Chinese freeze on contracts earlier this year hit Japan much harder than other countries. And to an outside eye the delay in coal and oil deals between China and energy-hungry Japan seems most curious. The Japanese for their part

have been slow to take a genuine interest in China. Culture may not equal economics, hut one is still struck by the paucity in Japanese coverage of the Chinese scene. True to their strongly hierarchical view of the world, the Japanese still take far more interest in the advanced West—the U.S. and Western Europe mainly—thao they do in nearby Asia, and that includes China. There is nothing to reciprocate the remarkable willingness of the Chinese admit that they have much to learn from Japan.

On the husiness front the Japanese admit they have been far behind the West Europeans in organising the close government / private co-operation needed to tie official funds to plant exports. China still only takes a mere 2 per cent of Japao's totel trade.

But the main problems lie in the future. What happens when China does begin to industrialise and Japan is forced to choose in favour of its Korean, Taiwan Today the political climate and South-East Asian interests! Or can the two be married? The first point is that the choice could be some way ahead. The extent of Chine's economic backwardness and the damage caused by almost 20 years of ideological fanaticism (it did not begin with the Geng of Four) is little realised, even if the Russians did have some glimmer of it back in the 1960s.

A hig technological gap comness and political timidity to contracts the more one is struck make even basic progress pain-by the gap that remains. The ful under the most unlightened regime. As a middle-level official put it to me hack in 1973: "We know we are behind Japan, And there are geouine reformers close to Cbou En-lai (then queot cases of compaoles virtu- Premier). But when they put CHINA

GREGORY CLARK

out their directives they have to be careful in choice of words so as not to leave themselves open to future attack. When it goes down to the next level the words are further diluted. By the time it gets to bottom it is meaningless.

Reports suggest the problem still exists. The sudden revi-sion of the ambitious tenpoint modernisation programme aimed at making China an industrial power by the end of the century should not have come as a surprise to anyone aware of the grass roots problems still there.

That said, China'e potential to emerge as a major trader and competitor has to be admitted. In particular its textile and footwear industries are well founded and have survived well the political instabilities of the They enjoy the legacy of skills built up in pre-liberation still distant days, particularly in Shanghai. Even if i also eeem to have had

meddling unlike the chemical and engineering industries. The Chinese idealogues seem to have told themselves they can do without steel but not without shirts.

An export drive based ou these industries and on China's huge labour force would leave much of industrialising Asia in considerable disarray. Kong, Taiwan and Korea, while they have been ungrading their textile industries greatly, are still heavily dependent on their exports. Japan too could be value and since it has invested heavily in offshore production of textiles throughout Asia.

Backward Hakage to chemical fibre and petrochemical exports would cause even greater dis-ruption. But the threat from China in the highly competitive electrical goods sector seems

Even if it can achieve the needed quality and cost control,

China has to start from scratch in developing markets and this is an area where it sadly lacks: expertise. Against this, however, is the very real prospect of Japanese joint venture assembly operations in China.

To date such operations have been concentrated in Taiwan and Korea. But the generous terms now offered by Peking, not to mention the attraction of its labour force, seems certain to lure Japanese manufacturers.

Japanese industry sources say the Chinese will simest certainly want an arrangement where part of the output is sold in China and part handed over: to the Japanese partner for sale abroad to boost China's foreign exchange carnings. The Japanese would be happy with this, but the Taiwanese and Royeaus almost certainly would

Japan-China co-operation in electronics would multiply enormously the problems the other industrialising nations in Asia face. Taiwan and Kerea Asia face, raiwan and kerea needed a wage differential of almost five to one with Japan before they could develop e comparative advantage in electrical goods manufacture.

Latecomers need a similar differential, but now it is not at Sophia International Univer-with Japan but with Taiwan and sity, Tokyo.

Korea, Throw in a China deter mined to compete on a joint venture basis and the Philippines, Thailand and others struggling to catch up in the industrial growth stakes face a hopeless problem.

hopeless problem.

The abvious answer is to try
to turn them into a partner
rather than a competitor. Here
the Philippines has taken some
important steps which have met
with a good response in Peking.
There is no reason why the
Asian Nics should not do the
same. But Seoul has its North
Korea problem. Singapore has Korea problem, Singapore has its domestic political problem and Taiwaa has rejected all

Peking overtures. Indeed, for those brought up-in the ideological sterotype of the sixties when Peking was supposed to be the intransigent fanatic, the virulence of Taipel's current anti-Peking campaign is

inexplicable.
Only Hong Kong seems able te come to terms with the China problem successfully, with its plans for joint regulares near the border in Kwantung Province. Perhaps that could provide a model for the others to follow, when they overcome the pelitical hang-ups.
The author is visiting professor

# Intensive spending

JAPAN'S ECONOMIC Planning Agency (EPA), in drawing up its forecast for the aconomy over the next aix years is pro-jecting that 11 per cent of tha Gross National Product (GNP) will be spent annually by the Government and its agencies on improving the environment, roads, housing, railways, water sanitation and sewerage, social welfare, etc. The amount of money to be allocated far these public fixed investment projects from 1979-85 is a staggering Y240,000bn, or more than twice the total projected for the period 1975-80. It represents more intensive spending on the national Infrastructure than in any other advanced industrial nation in the world (the UK average is about 8 per cent of GNP and of the U.S. around 5 per cent).

The figures are impressive. But they must be seen in the perspective thet while posses-sing the most applisticated industrial infrastructure in the world, only about 26 per cent of the people in Japan are plugged into public sewerage compared with 96 per cent in the UK. There is only 3.5 re metres of bublic land per person in Japan against 30.4 square metres for every Londoner. Most Japanese agree with the much-poblicised internal EEC report which described Japanese housing as little better than what Enropeans would consider as rabbit

Japan is now seeking to catch np in the area of infrastructure. The hard-headed planners of Japan's economic miracle of the 1950s and 1960a decided the country could not afford the of constructing sound public amenities while heavy industry was heing nursed along. Although GNP was still expanding at a rate of over 10 per cent per annum the heavy coocentration was on private capital spending for plant and equipment. In 1955, when Japan was well past the initial period of recovery after World War II, only 5.3 per ceot GNP was aimed at infrastructure, with the amount only gradually rising toward the 10 per cent mark by the mid-1970s.

Gloomy

As late as 1973 the EPA's White Peper on National Life read like a gloomy indictment of the excesses of economic expansion. The then EPA director-general, Mr. Zentaro Kosaka, wrote that year: "The level of well-heing of a nation may be measured not only by the quantity of income and con-sumption, but also by tha quality of life in various areas such as education, employment, housing, natural environment, etc. What is needed now is that ... all people ... are able to lead stable and full lives." He described a land where pollution was getting worse, elderly citizens received inadequate care and almost everyone lived in sub-standard

However, 1973, did mark a watershed of sorts for Japan. The failure to develop the infrastructure was by that time recognised as one of the great mistakes of the development strategies of the two previous decades. After the oil crisis Japan has been faced with the need to restructure industries like textiles and shipbuilding (which is operating only 38 per cent of the capacity it bad in 1972-73) and steel (where more than 30 per cent of capacity lies

The Ministry of Internetional Trade and Industry's latest long-range vision" for Japan's industrial structure summarises the basic directions Japanese aociety should take to echieve a high quality of life and pre-serve "harmonious reletions" with other countries "which is also a prerequisite for achieving a decent and satisfying national

INFRASTRUCTURE

RICHARD HANSON

Among formulated is one that calls for the designation of 200-300 communities for development around the nation to spread the population and centres of industry. Harking back to the early 1970s, this sort of scheme was first given national eftention when former Prime Minister Kakuei Tanaka proposed in a book the "Remodelling of the Japanese Archipelago." At that time, however, the shift of population was still into the main cities like Tokyo. In future the Government plans to double the mount of expressways throughout the country and extend the bigh-speed rail systems. This should provide scope for some genuine redistribution of popu-

lation and industry.

The newly industrialised countries in Asia, particularly South Korea and Taiwan, were faced in the early 1950s with the ecormous task of rehuilding from nearly complete destruction (even more complete than that of Japan after World War II). Both South Korea and Taiwan were hurdened by largely agricultural societies. illiteracy, and nonexistent or hadly damaged industries. Sonth Korea was cut-off from the heavy industrial plant of the North. Taiwan, with the influx of ahout 2m people from mainland China after Mao's victory over the Nationalist government became the most densely populated area in Asia.

Both embarked on ambitious programmes to develop them-selves into industrial nations (South Korea somewhat later

the plans being than Taiwan) and into leading exporters. In this they have largely succeeded. Rapid economic growth, however, has not been paralleled by the development of the social intrastructure, ie, roads, sanitation, communications, etc.

The concentration of national resources in beavy industry, most pronounced in South Korea has left a gap between the ability of people to consume and the quality of life than con-sumption should bring. These countries are now trying to narrow the gap, with remarkably high percentages of their

developing-the social fabric of country's exports. the nation. In recent months it has been forced to cut back or scale down many of its huge beavy machinery, chamical and industrial projects in favour of more balanced industrial growth, and it appears a trend towards greater infrastructure investment will omerge in the

Government expenditures in 1976 gave greatest weight to netional defence and economic development—32.7 per cent and 25.5 per cent, respectively— while social development of the total. By 1981 the shift will he towneds greater social of encouraging light manufac-spending. National defence turing export-oriented indusspending will rise to about 34 tries.

mic development will be eclipsed by social spending, the latter taking 22.6 per cent against 21.2 per cent for economic development.

A leng-range forecast for 1991 places social development spending at 33.8 per cent of the total, with defence droppins to 20.6 per cent and economic development to 18.6 per cent

Under Korea's fourth five year development plan (1977-1981) enormous strides will heve to be made. The propertion of the population receiving piped water will rise from 40 per cent to 60 per cent: \$830.5m will be spent on railways and another \$2,533bn on reads. Over \$5bn will be spent on adding-13m dwellings.

Taiwan has launched six consecutive four-year development. plans since 1953, converting itself from an economy depenably high percentages of their GNP devoted to intrastructure.

Since the 1960s Korean in on industry in 1952 to 12 per cent to development has contributed an average of 16.5 per cent agriculture and 40.3 per cent to GNP growth. south Korea in its projections agricultural produce and proints the future has recognised cessed products made up all the importance of further country arrors. By 1978 industrial products accounted for 89.1 per cent of exports

Development of the infrastructure bas lagged, however Only from the early and mid-1970s onwards did the Government launch serious large-scale projects to upgrade the road housing and other social sector of the infrastructure - It was also during those years the Taiwan committed itself to developing such heavy industries as petrochemicals, ship 25.5 per cent, respectively—building and steel. It is further while social development moving into precision spending was about 19.7 per cent machinery and high-grade electronics after a long period

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# TRUS AMONG NATIONS

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# Rush to expand in the region

THE 1970s have witnessed a scramble by Japanese retailers to get into the South East Asian arket Back in the 1960s there met Mack in the 1950s there only one entrant into the test Dalman, with depart if stores in Hong Kong and Mand, Now there are over sempanies planning or say with some representation that market approximately half have taken their laby times on the rest of the laby times on the laby hitial step in the past three or

The Japanese retailers in-volved include virtually all of the top department store and superstore chain companies. The department stores include Daimaru Maisuzakaya Isetan, Mitsukusin and Tokyu linee superstore chains Seivu Dafel, Nichii Yaohan, Ito-Yokado and Takyu Store

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The objectives and activities these two categories of recidiler differ. The department stores have been opening stores in such cities as Hong Kong. Buighok and Singapore, as well as maintaining purchasing offices in these and other rities. The supersuites, with the excep-tion of Yaphan, have confined flamseives to promisement

There are a number of reasons f fasir growing interest. As responsed freed products, less dispusable apparel and other dheis, their motivations are dily, understandable. But rationale behind the openof department stores is a complex

The main his oriest reason The main historical reason has been the growth of Japanese tourism in the region and the obvious uppertunity for Japanese department stores to affect their home town customers when in a strange land Retailing is one industry which, because of the intimate historical has spawhed few multinational groups. The Japanese department stores are epanese department stores are no-exception.

### Limited

In the major centres of South East Asia the ability of their relatively limited; scale operations to survive is because they have catered primarily for Japanese lourists. Understanding the praferences of the ing the praferences of the the gap by providing instore Japanese consumer they have leave facilities such as been successful at arranging an restaurants and rest areas. assortment of local merchandise to take nome as souvenus

This historical reason, however, is clearly not one which will provide a sound base for future expansion in the region. The recent rush of announcements has been sparked by the increased purchasing power of of a stronger yen, the improv-ing standards of living in many of the industrialising Asian countries, and the higher quality of goods which local

### RETAILING

JIM RUDI



The gift department in a Mitsukoshi store in Tokyo

accompanied this growth. In this regard. Hong Kong and seas in Singapore have been the most or urg attractive areas for investment. have Of the department stores currently in operation, three are in flong Kong, four in Singa-pure and one in Bangkok. Thuse in the planning stages

will also be in these cities, with Singapore being targeted by four department stores. The economic prosperity and population growth of this city-State have been the prime features drawing the Japanese.

The success of stores such as the Hong Rong Matsuzaksya know-how which these companies have developed in Japan. With higher income levels and changing consumption patterns, the Japanese retailers have the Japanese retailers have been positioned to provide library fashion goods in a boutique setting something they have been quite adept at domestically. Just as in many Japanese, cities, the development of leisure facilities has lagged behind economic growth. Department, stores trave filled

retailers to expand both their imports, the tendency of Japa-retailing and product procure ness retailers in recent years ment operations throughout the has been to neglect near-term industrialising nations of South gains in favour of establishing East Asia. In Japan the soar long-term supply Jources.

To ensure stable supplies for availability in the department the future a growing nomber of stores' customary locations bave resulted in a decline in new the traditional trading company store investment over the past; channel to import directly decade. This has forced them themselves. One of the largest to look elsewhere for expansion department stores revealed that

new fields. This bas made overseas investment less attractive or urgent, although a couple nndertaken small-scale operations.

Of greatest importance for the economies of the new industrial States of South-East Asian nations has been the presence of Japanese retailers as buyers. Increasing the volume of consumer goods imports from Sonth-East Asia has been facilitated by several factors.

Cost has always been one. Asian goods have been consistently cheaper than domestic Japanese products, but the drawback in the past has been on the point of quality. Prices have become even more competitive because of the appreciation of the yen. With this greater purchasing power, more Japanese retailers are setting up buying offices, increasing the frequency of buying missions, or else becoming members of major buying organisations.

The solution of the quality question has been a matter of time and serious efforts on the part of Japane:e retailers to help other Asian manufacturers conform with Japanese specifi-cations. Although the fluctua-The appreciation of the yen times of the yen will affect the has been and should continue sbort-term profitability associato be an imporus for Japanese ted with certain types of probability of a big rush.

retailers bave been bypassing

South East Asia is attractive for its various food products and household goods. The basements of Japanese department stores do a fremendous turnover in food, partly because of the special import bargains which they offer. Of the household goods, a high percentage is in oods manufactured according specifications, supplied by the department stores. These items include furniture lines which carry the store's own label. department stores have even acquired equity holdings in the local manufacturing concerns to cement the relationship. superstores

positioned Asian imports in the volume zone of their merchandise mix where there is high turnover and stable demand. The typical mix of imports by the auperstores is for food to account for approximately half clothing a slightly smaller portion, and other goods only small fraction. Asian imports are the most prominent in the clothing category, with volume and other goods with relatively low fashion content accounting for the bulk of these imports More fashionable goods take too much lead time to develop, and therefore the risk is greater. For example, imports pyjamas from the region acbed approximately \$38m in

Other types of retailers, even down to the voluntary chains and co-operatives, are express ing growing interest in imports

### Lincouraging

Prospects for expanding rela-tions between Japan's major retailing companies and South-East Asia are encouraging. A growing volume of consumer goods to the Japanese market could prove to be a vital element in the bealthy econo-mic growth of these nations. Japanese retailers, who bave built large-scale retail organisations in the span of less than two decades, can also be of assistance in building efficient retailing and distribution systems in these nations.

Although the presence of Japanese department stores and other retall outlets is limited at present, more companies appear to be giving serious consideration to the potential in the region. Several have announced plans for new stores in the next few years, but there is little

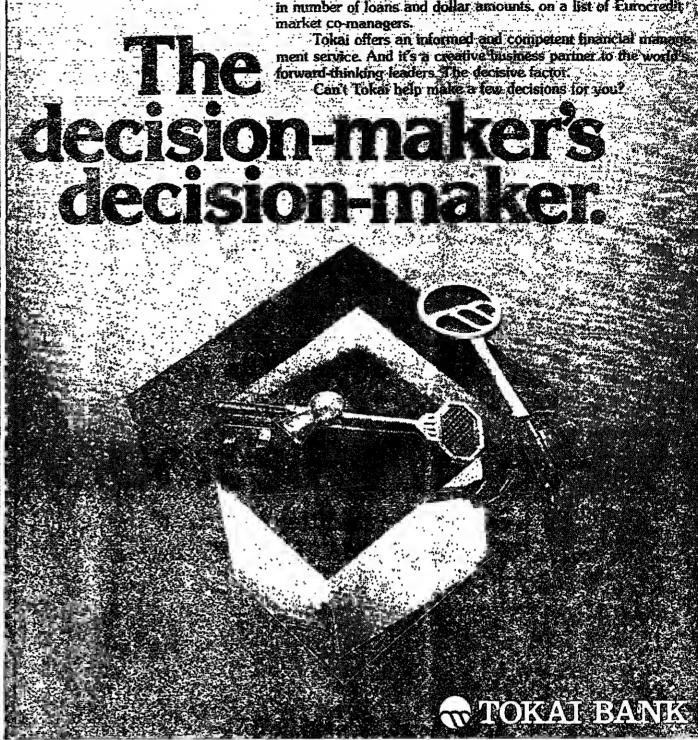
Some of the determinants of the pace at which they move into the region are beyond the control of the Japanese. Political stability is a prominent factor. Hong Kong and Siogapore have been attractive for this reason, but many other countries in the region lack both the necessary degree of purple basis.

The most basic factor has The superstore chains, on the been the economic growth in other hand, have found plenty the region and the higher stan- of room to expand their current dards of living which have uperations and diversity into

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C. Itch is deeply concerned with developing energy sources and is producing about 200,000 barrels of oil

# Challenge to Europe

WATCHES

THE WATCH industry in Asia has successfully challenged the traditional centres of manufacturing in Europe, with Japan and the newly industrialised nations (NICs) producing a virtual flood of timepleces. Japan in particular has become Switzerland's main competitor in the more expensive watches, alowly eroding the Swiss share in Japan's home market.

After creating a domestic industry which was essentially 2 copy of the European model, the Japanese began moving aggressively on their nwn in the 1970s. In more recent years they have also learned the value of switching certain types of production to low-cost neighbouring countries.

Japan has a Y400bn (about \$2bn) watch industry, a quarter of which is devoted to clocks and the remainder to highquality and competitively priced wrist watches. Output is clocks a year, aecond only to based on the new integrated that of Switzerland, which pro- circuit (IC) technology (as roughly 50m watches and duces 70m units (half of them opposed to the traditional hand-"spring - based " equipment). Next after Japan in which Switzerland remains in the world watch-making league table comes the Soviet Union with 36m units followed closely by the U.S. with 32m. Hong Kong ranks fifth, with other Far Eastern manufacturers such as Taiwan and Korea following not far bebind. Japanese admiration for the

high-quality. high-priced watches of Switzerland dates back at least as far as the start of the Taisho Era (the beginning of the reign of Emperor Taisho in 1912) and Japanese tourists still account for almost half the "souvenir buying" of watches by visitors to Switzerland. Respect for firreign workmanship has not however, prevented the Japanese from trying to do as well or better at bome Indeed Japanese entrepreneurs seem intent on producing high Y3.2hn and Y2.3hn and market quality watches of waver shares of eight and six per cent

ROD O'BRIEN .

top-quality sales around the 1975. world and in terms of the way. The world and in terms or the may the Japanese makers are move watch industry in the Asian ing into the high-priced luxury NICs is not something that has corner of their own huma happened independently of market that has traditionally Japanevery much the reverse, hear dominated by Switzerland according to Mr. Y. Sbirasawa,

### Technology

Japan's gains are being made basically with a new generation of watches using mechanisms wound diamond-studded models supreme). But it is not only at Asian joint ventures of these itself felt. A parallel trendand one which is showing up clearly in the pattern of imports into Japan-is the rise of the cheap but reliable IC-driven digital watch from "offshore" production ventures in South

The leader among the South East Asian makers, Hong Kong. Increased its share of Japan's watch import market from 5.9 per cent in 1975 to 9.3 per cent producers in neighbouring Asian in 1976 and then to 15 per cent countries, whereas Janan's in 1978 (when its total sales were worth Y5.7bn). Taiwan sold 18.8bn of watches in Japan last year (for an import mar-ket sbare of 10 per cent). Singapore and South Korea ranked fourth and fifth with sales of

East Asis.

increasing volume so as to cut respectively. Such figures still down the volume of top-priced look smalt besides Switzerland's Swiss imports.

Yi9hn sales in 1978. But Switzerland's market share last year offensive is apparent both in was down to 50 per cent complete steady increase of Japanese pared with 68.2 per cent in

managing director of the Japan Clock and Watch Association. It represents rather a coordinated and carefully planned development in which Japan's top watch manufacturers (Seiko. Citizen, Rhythm, Richo and Copal) have played the role of

initiators and prime movers. Mr. Shirasawa estimates the wholesale value of asles by the the upper end of the market five "majors" at Yobn to Yobn that IC technology is making per year and estimates that aales are increasing at an annual rate of between 80 and 40 per cent. He is confident that the pace of Increase will be main--tained, at least for the next few years, because of the impetus generated by the changaover from spring-driven to quartzdriven production.

> no banda are the speciality of production to offshore manufaccountries, whereas Japan's economies of the countries condomestic industry concentrates cerned and substantially conon (higher priced) quartz- tributed to the improvement of driven watches that run on wheels and gears as well and It also gives the Japanese bave, bands. The important industry a regional multipoint however, is not the type national production base, far of quartz (whether digital or stronger than anything that otherwise) but the ratio of quartz production in Japan and In Japan.

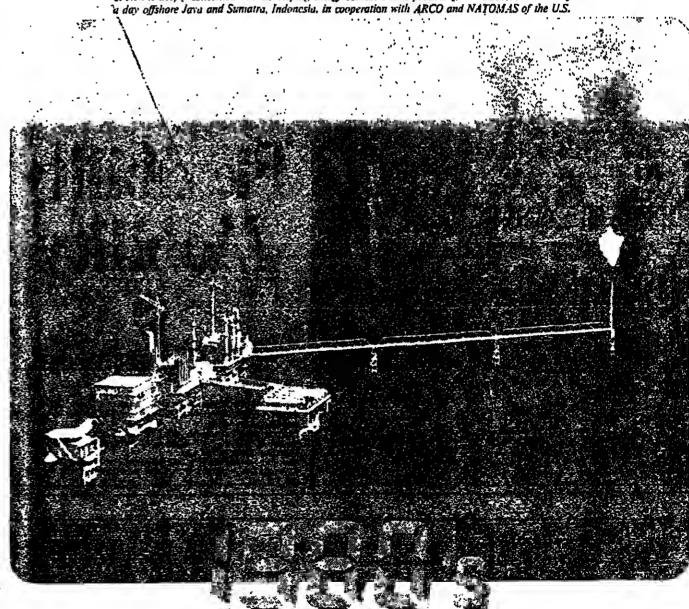
the region as compared with the traditional spring-driven mechanisms. Japan's production is now 50 per cent quartz-driven compared with 8 per cent in the case of Switzerland. The Japanese acknowledge that Switzerland will ultimately

make the transition to quart manufacture and in so doing bridge the main gap that now exists between the European and Asian watch industries, but they still believe that the bori-zontal division of tabour that has been worked out in Asia 1975. Wilt give them an advantage.

The growth of the low-priced "We will have the edge over our competitors in wage costs at least until the end of the 1980s" says Mr. Shirasawa, and be cites some of the costs of components mauufacture in neighbouring countries to prove his point. Steel watch cases made in

Taiwan (and exported either to Japan or other assembly points in the region) cost 40 per cent to 50 per cent less than similar cases made in Japan. Artificial jewels produced in Kuala Lumpur in Malaysia enjoy a similar advantage, and so the list goes on. Mr. Shirasawa estimates the lotel value of the multi-directional trade between the overseas parts manufacturing ventures in which Japanese companies are involved as in the region of Y20bn per year.

Japan's watch industry has invested overseas for "political" as well as economic reasonsthe main one being a desire to avoid criticism that the industry is only concerned with boosting The new quartz-electronic its direct exports from Japan systems, with sigital faces but The transfer of technology and turing centres has alded the their trade balances with Japan. could bave been built up solely



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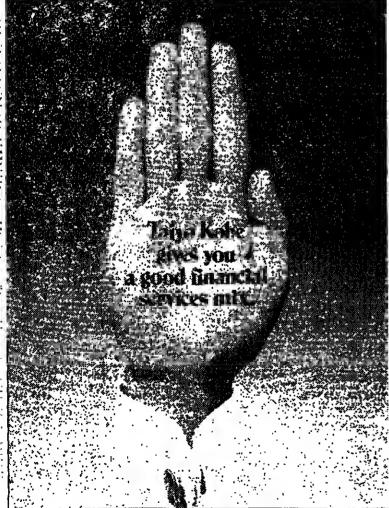
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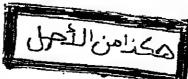
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# Overseas production centres multiply

NOWADAYS it no longer makes sense to think of the Japanese electronics industry as some thing operating essentially within the frontiers of Japan. The country's largest and fourth largest overseas investors (after the general trading companies) are Matsushita Electric and

coincidentally rank among the largest of the consumer elec-tronics manufacturers. Their investments, and those of other top manufacturers such as Toshiba and Hitacbi (both also heavy electrical manufacturers) local operations operations in developing countries, assembly and/or developing

manufacturing ventures in advanced countries (such as the U.S. and Britain) and last but by no means least, a wide range of different types of venture in intermediate industrial countries auch as Korea, Taiwan, Hong Kong and Singapore. The third category of invest-

nt differs from the first two in that the purpose of Japanese electronics ventures set up in the Asian NICs (newly industrialised countries) has nor-mally been to export (either to advanced Western countries or back to Japan) rather than supply the domestic markets of the countries concerned. It also differs from the other two types Japanese electronics companies in neighborring Asian countries have come to be viewed as something like a transfer of production capacity out of Japan.

### Incentives

The first Jepanese electronics investments in what are now identified as the Asian NICs were made in the early 1960s and were mainly designed to take advantage of low-cost labour and tax incentives offered by such countries as conjunction with bonded export zones, into which components for assembly could be imported free of duty, provided the finished products, were after-

electrical) products but by 1970 major began to shift black and white partly of reducing costs and partly of bypassing the import TV exports. In the mid-1970s colour TV assembly also began to move to the NICs, with results that became strikingly apparent after the U.S. obliged Japan to accept an orderly marketing agreement that limited its direct exports of colour TV sets to

The loophole which allowed Japanese electronics companies (and local non-Japanese makers) to export colour TV
sets freely to the U.S. from
Taiwan and Korea — after
restraints had been imposed on exports from Japan itself—dis-appeared in 1978, when first Taiwan and then Korea were obliged to negotiate their own orderly marketing agreements

This restriction of the Korean

and Taiwanese export channels left Singapore as the only offshore production base, from mid-1979 onwards, from which Japanese companies were free (theoretically anyway) to increase their exports to the U.S. But most Japanese electronics manufacturers expect Singapore to be drawn into the orderly marketlog system within six months to a year. In that event the Japanese manufacturers will be left with the choice of either making a fresh move into some new offsbore production centre (Malaysia?) or accepting that from now on their colour TV sets for sale in-America may have to be supplied chiefly by manufacturing subsidiaries inside the U.S.

Restraints on colour TV exports to the U.S. from Taiwan and Korea (particularly the latter since the Japanese presence there is much larger than in Korea) have caused problems for existing Japanese ventures in the NICs but have not by any means made nonsense of the concept of offshore manufacturing bases. One reason why it still makes sense to build up production capacity in the NICs is that U.S. manufacturers are doing precisely the same thing (in fields such as audio equipment, where almost all the prodacts now sold under American łabels manufacturers are imported from offshore manufacturing bases).

A second reason why Japanese electronics companies are still expanding their presence to the NICs is that there is no restraint on imports into the U.S. of components for finished TV sets. Major U.S. electronics companies have chosen Singapore as a site for building TV chassis which are then shipped to assembly plante in the U.S. and Japanese companies are beginning to do like-

An instance of the new comprovided by Toshiba, whose Singapora company has just NICs (and increasingly so to started building TV chassis the Chinese), and have moved

### ELECTRONICS

CHARLES SMITH

assembly plant in Tennessee. Japanese investment in offshore Asian electronics production still has a hig future is that Japan itself is a market for finished electronic products. Some of the goods shipped back to Japan from offshore plants of Japanese manufacturers

during the past few months have been diverted from original destinations in the West. (A case in point involves, the shipment to Japan of some 2,500 to 3,000 colour TV sets per month from Hitacht's Taiwan plant since last March.) Japanese electronics companies have also, however, over a long period, deliberately shifted procurement of some relatively

simple products from domestic production in Japan to offshere plants (particularly in Taiwan). Toshiba, for example, imports refrigerators and other products under an OEM (original export manufacture) agreement with Tatung Company, the major Taiwan electronics group in which Toshiba owns a 6 per cent stake. The Tatung products are produced to Toshiba designs and quality standards and sold

in Japan through Toshiba's distribution network. The profit on such transactions is sub-stantially larger than if Toshiba produced the same items in Japan since the Tatung labour costs are much lower than those at Toshiba's Japanese plants. After a decade or so of supplying its products to Toshiba for marketing under the company's label

pany claims that it will from missed products, were after now on carve out a substantial refrigerator compressors to share for itself in the Japanese Singapore some years ago while consumer electronics market Sanyo chose to step up its and other simple electronic (or electrical) products but by 1970 major Japanese electronic forms.

for shipment to the Toshiba TV are faithful to Japaneze brand

Another point made by companies like Toshiba is the conretail distribution of consumer electronics products in Japan that is maintained by the large manufacturers. Because of this, that decisions on how far to shift production of consumer durables out of Japan rest largely with them. They also point out that Japan's lead in technology makes it highly un-likely that indigenous manufac-

Tatung Company claims that 95 per cent of the components of its colour TV sets are made in Taiwan, but the majority of the component makers concerned (according to Japanesa sources) are partially or wholly controlled by Japan Because of this largely dependent rela-tionship Japan continues to run a strongly favourable balance on its electronics trade with the Asian NiCs — for exampla, South Korea's electronics imports from Japan (in 1977). were worth \$380m against ex-

turers elsewhere in the region

could offer a genuine challenge

ports of \$215m. In deciding which portions of their operation to switch out of Japan at what speed the Japanese manufacturers have to consider both the economics of the transfer (which boil down to balancing the labour cost advantages of the NICs against superior automation in Japan). and their obligations to their Japanese labour force. Different shita shifted production of

barriers that were by that time fact that Japanese consumers early 1970s, then returned when investments. ...

veloping miniature screen sizes for use in combination with again now that the technology for the manufacture of minia ture screens has come within the reach of the Asian NICs.

A question on which the Japanese electronics makers em unanimous is the relative NICs as production bases. Taiwan was favoured by most investors during the 1960s but has tended to be shunned during the 1970s for political reason (since overy major electronics company is either actively or potentially involved in business

with China).

Korea has proved a fairly difficult partner because 0 Government restraints on the investors in joint venture comin the view of one major company rules out the possibility of any new Korean investments Hong Kong has been passed over by most investors because of the high cost of land and factory sites (except for small ventures like Hitschi's watch transistor

### Favoured

The result, by process of elimination, is that Singapore has come to be regarded as the favoured site for Japanese electronics investment in the region. Matsushita now operates seven Singapore companies (one of which is an engineering training centre) while Hitachi and Toshiba have both recently committed themselves to major · Singapore's good communica-tions and favourable environment (including its ment's acceptance of 100 per cent foreign-owned manufactur-Tatung took the plunge late last companies have followed dif- ing ventures) make it the year and established its own ferent courses of action in this perfect location from most Tokyo showroom. The com- situation for example Matsu- points of view—except that labour shortages are starting to become a problem.

If the labour shortage preb dother simple electronic (or under its own name, but the production of the same item in well do given he fact which extrical) products but by 1970 major Japanese electronic Japan. Japanese and American electronics makers makers doubt whether this. The industry as a whole has tronics companies have been gan to shift black and white will be possible. The problem, also experienced the phenocrowding on to Singapore island of production out of Japan. They point out, is not the menon of what might be called in the past year or two, the reducing costs and (which are now fully up to is the case of black and white may have to find somewhere rely of bypassing the import Japanese standards) but the TV sets which left Japan in the else for its next round to Aslan

# Foundation for development

served as the foundation for economic development in most of the newly industrialised countries in Asia, just as it did for Japan as it began to emerge into the iodustrialised world from the 19th century onward. Traditionally, it is an industry which thrives where low-paid unskilled labour is abundant. Basic textile products can be exported readily (where protectionism does not curtail im-ports) and provides a quick source of foreign exchange. It is also, however, an industry which can quickly become nncompetitive as other nations with even lower wages and less economic development try to

Japan still bas a large tex-tile industry. Textiles and related industries employ about 2.5m people, although the number is down from the periods of peak employment. Textile exports have slipped in overall importance for Japan from 18.5 per cent of the total-in 1965 to only 4.9 per cent, but the value of those exports has continued to rise from only \$749bn in-1965 to about \$4.8bn in 1978. The Japanese industry has

follow in the footsteps of the

heen through a difficult period of reorganisation and restruc-turing since the late 1980s when it began to meet protectionist pressures from the U.S. and into the 1970s when the industry was buffeted by the oil crisis and subsequent long economic recession.

During the latest accounting

period, the seven largest Japanese synthetic textile makers found that sales as a whole bad dropped 3:6 per cent after a 7.1 per cent decline the preceding year, even though the companies had reversed operating losses to a profit as prices improved and rationalisation efforts took effect.

The decline in Japan's competitive position vis-a-vis the newly industrialised countries of Asia can be illustrated by a look at its share of the U.S. import market. In 1970, Japan accounted for 22.6 per cent of the total against 23.8 per cent for the NICs, by 1975 this share had fallen to 11.1 per cent while the NICs increased to 49.5 per cent. The Japanese ponents-orientated approach to have virtually abandoned investment in the Asian NICs is certain segments of the lower quality textile market to the

**TEXTILES** RICHARD HANSON

further into producing high-NICs has a large deficit in texquality goods based on superior tile trade with Japan, last-year technology, an advantage they bope to maintain for many

years to come. .... Trade with the NICa in textiles is rapidly turning in favour of the latter, particularly in the areas of clothing. Last year Japanese imports of cotton yarn increased by 340 per cent, cotton woven fabrics were up 196 per cent and woven fabrics made with artificial fibres gained 2010 per cent Clothing imports were up 142.2 per cent over 1977. The Textiled industry's trade surplus in 1977, was \$966m, but this fell to only \$36m with the same trend continuing into 1979.

### Dropped

The total demand for all textiles and products in Japan rose from just over 1m tonnes in 1965 to a peak-of nearly 2m tonnes in 1973, but by 1976 this had dropped back to about 1.5m tonnes. In 1965, Japan depended on imports for only 0.6 per cent of domestic demand and was exporting 31.6 per cent of domestic production. In 1976. II per cent of domestic demand was being met by imports, and by 1980 that is expected to rise to more than 17 per cent, with only 25 per cent of what Japan

to \$342m from \$321m.

\$154m in 1977 to \$167m in 1978. South Korea's exports to lished in 1956. Its philosophy Japan totalled \$1,035th in 1978, has been to establish ventures up from \$656m in 1977, while in markets where exports have its imports of textiles from been successful but which could Japan rose by a smaller amount be lost if local production was \$342m from \$321m.

Hong Kong, unlike the other — Toray exports synthetic fibres

exporting only \$144m while im-Japan is Hong Kong's fourth largest market for overall exports and has always had a surplus in clothing trade. Japan. however, has been the largest supplier of textile materials accounting for more than a quarter of such imports. China has become the second

largest exporter of textiles to Japan, following South Korea. In 1978 it exported \$307m com-pared with \$184m in 1977. Japanese exports to China were nearly unchanged at \$198m.

The Japanese textile industry has not been left behind by the growth of competitors around Asia It had, in fact, contributed significantly to its development since the 1950s, with a large muniber of ventures throughout the region. The degree of Japanese penetration can be measured by the fact that about 30 per cent of all the textile synthetic fibre production in Asia (excluding Japanese domestic production which is larger than all Asian production put together) is controlled by Japanese companies ventures or their affiliates.

There are 73 Japanese joint ventures in South Korea, 51 in Taiwan, 35 in Thailand, 29 in produces going for exports. Indonesia, 26 in Hong Kong, 18 Meanwhile, Japan has become in the Philippines, 17 in Malayan important market for the sla and nine in Singapore. The NICs. Taiwan exports of tex largest of the Japanese textile tiles and textile products to companies. Toray Industries, is Japan: in 1977 totaliad \$154m, by no small coincidence the or 18.7 per cent of all Taiwanese, second largest overseas manuexports to Japan. This nearly facturing investor from Japan, doubled to \$282m in 1978, with about 50 ventures mostly or nearly 20 per cent of the in South East Asia.

otal: Toray was among the pioneer Japan's experts of textiles and of oversess ventures by Japan oducts to Taiwan rose from in the textile industry with a company in Hong Kong estab

not initiated.

CONTINUED ON NEXT PAGE

# Industry returns to normal

speed from the late 1950s (when early 1970s, when the indistry boasted nine giant petrochemical completes with a intal capacity of 5m tens on the eve of the 1973 off, crisis against to neighbouring Asian was held in Kyoto (western the U.S., and a major simplifer countries, since the 1934 per Japan) in May this year and of plastics and synthetic rubber countries, since the 1934 per Japan) in May this year and of plastics and synthetic rubber countries, since the 1934 per Japan) in May this year and of plastics and synthetic rubber countries, since the 1934 per Japan) in May this year and products for the light industries was formerly available for At both meetings a key topic. The all crists harmone these export will intreasingly be seems likely to be the plans of

The oil crisis, however, threw the industry and its overseas markets into a contusion from which receivery is still not complete. In 1974 there was a series of freak shortages of petrochemical products which enabled the Japanese manufacturers to raise their exports to record levels (but also led to a series of industrial accidents caused by excessively high operating levels). What followed was a three-year slump during which product prices collapsed (afthough the prices of naphtia, the industry's hasic title material recorded a series of sharp increases) and softh exports and overall levels of output fell abruptly.

Last year was the first "no mal" year for the petrorsemic moustry since before the oil crisis, with a more reconsolable believed raw disterial and product prices, a general peoperty of demand in ownseas markets and the highest level of ethylene production in the industry's history.

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1978; however, did not bring with to any general regyal, at the part of the past few years it is now generally agreed that the industry needs consolidation and rationalization constderably more property than my further increases in its overall production capacity. There also appears to be a consense (between manufacturing groups) that the next major investments made by the industry should be outsige, rather than inside Japan

The reason for this is that the evaluability, or manuful. (the basic putrochemical feedstack) in thely to be too uncertain in than an extremely risky layest but, which has nevertheless ment. This does not rule out began to build up a significant replacement of existing capacity, export market in Japan. Japan's replacement of existing capacity, export some of which now dates from petrocover 20 years ago and is reacted regarded as decidedly uneco-produced nomic; but it does mean that shorts overall production capacity in Japan is likely to remain in the

PETROCHEMICALS

cent of output (varying according to hadividually read and is due to be followed by a session in Taipel next spring. At both meetings a key topic export will intreasingly be seems likely to be the plans of meeded to supply Japan's domestic inserket MITI believes that exports will have fallen to "insignificant" levels by the mid-1880s, making petrochemicals into what it describes as a domestic market intensive industry for the zest of the decade if not beyond.

Reasonable

It also takes the view that, countries referred to by MITI in this context are South Korea, which was almost wholly dependent on Japan for plastics and other synthetics until around the ima of the 1973 oil crisis but which expects to attain virtual self sufficiency this vest with a total ethyleric capacity of 500,000 tons; and Tallwan (also was 500,000 tons; and Tallwan (also was 500,000 tons; and Tallwan expansions)

f as an exporter. The attitude of the Japanese trechemical industry to Koren and Taiwan is some 300,000 ton petrochemical com-what less positive than that of plex that will, it is hoped, sup-MITI but still appears to stress ply the markets of member to operation rather than head co-operation rather than headon competition. The Mitsuigroup is a 50 per cent sharehelder in one of the downstream
plants forming part of the
second and targer of Korea's
two petrochemical complexes
and thus regards itself as having
hean in on the ground floor of
Korean petrochemical development (pullike the Mitsubishi
group which already planned to
participate in the same yenture
but withdrew after the 1973 oil
crisis).

deal producers at first products for which temporary shortages had developed in Japan) to conducting their own defensive imports from the U.S. They have now adopted 5m tons of ethylene the factic of convening a Japanese investment in textiles if MITI and the petrochemic trilingual intesting between the in Asia and it is unlikely any cal industry leaders stick to partichemical industries of new surges will be seen. Their view that further invest Japan, Kerea and Taiwan to Toray's president, Mr. injust in Japan would be up discuss market prospects and Tsuguhide Fujiyoshi, feels that wise the prospect for the next Tuture investment plans in the the Japanese textile industry few years is that Japan will region with the overall aim of has done all that it can for the have to withdraw gradually avoiding market disruption.

Japanese sources officially because of its increasing in ability is emport. Japan should welcome the trend towards of capacity as "reasonable." betrachethicals self-sufficiency but the hope appears to be that progress in this direction will export simpluses) in some progress in this direction will export simpluses in some simpluses will not be gradual and that export neighbouring countries. The two countries referred to by MITI in the near future. Similer feelings probably exist about feelings probably exist about Taiwan's plans to acquire capacity by 1982. Both sets of plans, of course, depend on the availability of naphtha supplies.

Looking beyond North: East Asia, to South East Asia and the Middle East, the Japanese to cope with a natural increase petrochemical producers (and in demand that would have ternational joint ventures. In singapore Japan is committed playing a part in the developto taking a half share in a sound of petrochemical ment of petrochemical sounds. the markets of member inside Japan itself.

South East Asian Nations (ASEAN). In Sandi Arabia a decision is pending on how and when the Mitsubishi group will help to construct a similar com-

The rationale of both the Singapore and the Sandi pro-jects is that, while their basic onomics may be less favour able than if they were built in Japan, raw materials supplies should be guaranted (in Saudi Arabla the complex will use locally produced natural gas, in Singapore paphtha is expec-ted to be available for at least the next ten years from a local refinery industry which is con-trolled by international oil majors.)

One of the major questions which will have to be settled before the Singapore project can move shead is that of whether or not other South East Asian countries such as In-Asian countries such as In-donesia and the Philippines can be persuaded to forego building their own competing petro-chemical complexes using local

raw materials.

If the Singapore project comes on stream in 1988, as its Japanese promoters now expect it may be in time to fill the gar which will be left by Japan's withdrawal as an exporter to Far East markets. The Sandi Arablan project, following a year or two later, would be needed (in the view of MITI)

# Foundation

CONTINUED FROM PREVIOUS PAGE

to Asia in large quantities, but NICs. "We have taught them does not intend to use its local all we know," he said in an production for re-export to interview. Indeed, Japan has Japan itself. Its overseas probeen the major source for terb-duction of fibres amounts to 510 no logy in building up the Asian Increasure for this is that the The situation is different in duction of fibres amounts to 510 no logy in building up the Assignment to not perfect the perfect of the perf

apparent that low labour costs would make competition at the lower end of the market impossalaries in Taiwan and South Korea are still about one-fifth of the Japanese wage scale. Since the early and mid 1970s, however, there has been no

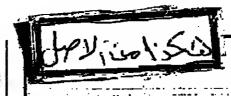
The textile industries in the NICs, while competing among themselves and with Japan for shares in the major markets, primarily the U.S., will be facing new competition from other less developed Asian nations such as the Philippines (where Taiwan's Formosa Plastics Group would like to establish a complete upstream and downstream petrochemical synthetic fibres project). The most worrying force for the textile industry, however, is China, which needs to export in order to raise foreign exchange to fund ambitious modernisation and development schemes.

Hong Kong, which is the world's largest exporter of clothing is moving togethor with Japan towards more mannfacturing ventures in China Clearly a flood of cheap Chinese textiles could disrupt Chinese textiles could disrupt the world market, and U.S. and EEC officials are trying to hammer out quota agreements to limit such a potential flood. South Karea and Taiwan, which officially do not trade with China, see Chinese wages as a major threat. (A textile worker in Shanghai makes about Y7.000-8,000 a month, while his Pusan counterpart gets Y17,000.)

It is unlikely that China will thouse to be a disruptive force.
Toray's Mr. Fujiyoshi, who
visited China last year, believes
that China will be forced to
shift from the production of cotton to foodstuffs in order to feed its people. It will also have to develop its own synthetic fibre industry (there are only three plants so far) to replace cotton. These tasks will keep China occupled for some time to come. (Toray says China is now as big a customer for its products as the

It must be assumed that eventually the wage differences between the NICs and Japan will marrow sufficiently to cease to act as the decisive competi-tive factor. The Governments of Taiwan and South Korea have made huge investments in the petrochemical industries to reduce their dependence on textile raw materials (Japan and the U.S. being major suppliers). This strategy appears to be sound but their appears to be sound, but with the price of petroleum rising sharply the relative advantage of having an upstream capa-bility is somewhat diminished.

Japan, in any case, dwarfs the ether petrochemical industries of Asia in size and capability. Japan will also probably remain the technological leader in the textile industry. It is on the high-quality sophisticated products it is now producing that the Japanese industry will depend to compete in the



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# Main challenge from America

JAPAN'S MOTOR industry, after roaring through the 1970s, may have to slow down as it swings into the 1980s, according to a representative group of senior executives of the industry's top companies. The reason for slower growth in the next decade is not, however, seen as the emergence of a challenge from the "new" industrial countries of eastern Asia-despite energetic efforts of those like Korea to develop export-orieo tated motor industry. What could be much more of a problem for the Japanese motor meo is the series of new small fuel-economy cars being developed by the leading U.S.

Mr. Masatake Okuma, execu-tive vice-preaident of Nissan Motor Company and the man in overall charge of Nissan's over-seas activities, admits that the Korean motor industry — and especially Hyundai Motor Company, its largest manufacturer— wilt require careful watching. (The Hyundai Pony saloon hased on an Italian hody design with British and Japanese engineering technology is seen engineering technology is seen as the main challenge; but Hyundai will be producing commercial versions of the Pony as well in the not too distant future.) "The Korean motor industry, given the capital and technology, could become a formidable competitor for Japan," says Mr. Okuma. "But it will take time, say 10 to 15 years. Meanwhile what matters are the U.S. makera and their are the U.S. makera and their

Mr. Okuma notes that General Motors (GM) has invested not less than \$27hn in its first brandless than \$27hn in its first orandnew series of subcompacts, the
"X-body series." GM ia
expected to spend another \$35hn
or ao on its other projected
small car "families," the J-car,
T-car and S-car. Ford is also a
worry for Japan with its Erika
"world car," whose production "world car," whose production is scheduled for both Europe and the U.S. The Erika could even turn out to be a competitor in Japan's limited import market in view of Ford's new tie-up with Toyo Kogyo, Japan's fourth ranking car maoufacturer and the maker of Mazda cars and trucks.

new series of subcompacts."

Mr. Okuma's views on the relative seriousness of the U.S. and east Asian challenges to Japan are broadly shared by his opposite number in Toyota, the leading Japanese car manufac-turer. Toyota Motor Sales Company's executive vice-president,

THE MOTOR INDUSTRY JOHN FUJII

Mr. Nobuji Araki, says: "The biggest challenge facing the Japanese motor industry is the rollback by U.S. manufacturers in small cars." Mr. Araki sees a strenuous three-way race among American, Japanese and European car manufacturers during the next decade, with the key of new technology to reduce fuel consumption and cut down noxious exhaust emissions. Korea is "not likely to be much of a threat" during this period. says Mr. Araki; indeed, in his view Hyundai is already facing some fairly serious difficulties

### Lucky

At one time the Korean motor industry (which so far as overseas markets are concerned meaos Hyundai) was selling up to 10,000 cars a month in overseas markets, but the number has now dropped to "a few thousand" according to reports reaching Japanese executives. This is despite the fact that the Pony sells for far less in major overseas markets such as Latin America and the Middle East than the 2.8m won (87,000) price tag it carries in Korea. The trouble about the Pony in overseas markets, says Mr. Araki, is that there is no adequate after-sales service netquate arter-sales service het-work and no proper supply of spares. "It took Japan 20 years to establish itself in over-seas markets. The Koreans will he lucky if they can do the Joh in ten years."

Mr. Hiroshi Isogai, sales manager of the Asia-Pacific divi-aion of Honda Motor Company, says that lack of an adequate domestic market is the key problem for Korea at present A hig home market, as he sees it, is necessary to sunport the expenditure on know-bow development and engineering needed to build a strong industry. Ooly after these conditions have been satisfied can the Koreans (or anyone else) aspire to succeed as exporters, says Mr. Isogai. One of Hyundai's vulnerable points (which can be traced directly to

the problems of inadequate home sales and a corresponding lack of engineering resources) is that the Pony'a engine is not Korean-made but imported from Japan's Mitsubishi Motor Corporation (a strong competitor of

Mr. Isogai considers that despite its aspirations to succeed as a motor exporter Korea is still basically in the motor cycle stage of evolution of its domestic vehicle market. Available figures indicate that there are 250,000 motor cycles and 450,000 cars on Korean roads at

Taiwan, which has not yet attempted to export cars and appears to have no immediate plan to do so, has 480,000 car registrations and no fewer than 3m motor cycle registrations.

Japanese motor executives are unanimous that if Korea has relatively little chance of exporting cars to Japan, Japan bas equally little prospect of selling cars to Korea (at least so far as completely built up passenger cars are concerned). Both Korea and Taiwan maintain strict controls on car Imports, either prohibiting them altogether or, in the case of Taiwan, permitting the import of a limited number of luxury vehicles under an extremely high tariff. Korea and Taiwan do import CKD (completely knocked down) kits for assembly by local manufacturers, but bere again the

A Datsun production line at Nissan's Tochigi plant

amounts are strictly controlled and the main beneficiaries so far have been European rather than Japanese car exporters.

The Japanese car executives are even less worried about competition from China (at least in the short term) than they are about the challenge from the non-Communist newly industrialised countries. China currently possesses a plant in Fientsin which was operated by Toyota before World War II and another in the north east (the former Manchuria) which was operated in pre-war days by Nissan. Both are said to be producing military vehicles with the aid of technology originally provided by the Soviet Union. Their output, together with that of another (smaller) plant in Shanghai which turns out taxis and limousines for use by high officials, is estimated at not much over 2,000 vehicles per year, with the emphasis on trucks and minibuses.

first to "graduate" as a motorshould not become in the long run a major motor manufacturer, and exporter, if it wishes. But he believes the first of these milestones may take 10 years and the second at least 20 years

The fact that the Chinese are interested in motor manufacturing is indicated by the visit of several Chinese missions to Japanese motor factories. The missions have taken copious notes and asked numerous questions but have yet to betray any interest in technical tie-nps with Japanese car makers. But this situation could change with time, the Japanese believe. Turning finally

China, as Japanese motor Japanese motor industry's own industry men see it, is still at position, the consensus appears the "bicycle stage" and needs to be that there is still room for the car population to grow cycle manufacturer. Because it and that this should keep the possesses both abundant industry on the more even if resources and an intelligent exporting becomes more labour force there is no reason, difficult. Japan's ratio of 172 as Mr. Araki sees it, why China vehicles per thousand people compares with 529 per 1.000 in the U.S. and 260 per thousand in the UK. Mr. Araki believes that total registrations (now 21.28m vehicles) could rise to 35m units - before saturation point is reached. At this level Japan would have about 1.5 vehicles per household pared to one per household at

Financial Times Monday July 2 1979

Japan's annual output of vehicles (to complete what appears a rather overwhelming comparison with the Asian NICs) was 5.97m units in 1978, compared with 156,000 units lu Korea and 77,500 nnits in the 120,000 units in 1979).

-The question facing the Japanese industry is how com-

petitive it will be in the future

against countries like South

Korea. First, it should be under-

stood that Japanese shipbuilders

have the built in advantage of

both solld markets in Japan and

an assured market in sales of

tie-in ships to Japanese affiliates

For fiscal 1978, ended in

importance of tie-in ships to the

about three times as much to

Asian countries; twice as much when compared with European

# Dearth of new orders

IN 1592, the Japanese Shogun, Toyotoml Hideyoshi, was foiled in bis attempt to invade the Korean peninsula by Admiral Yl Sun Sbio who became a bero by defeatiog the Japanese fleet with an armada of revolutionary iron-clad "turtle" ships, probably the most advanced naval vessels of the day. In the early 1970s South Korea embarked on a plan to enable it eventually to rival the buge Japanese shipbuilding iodustry but this time the outcome may not be as decisive.

The serious challenges to Japan's dominance in shipbuildlog came just before the worldwide collapse in the industry stemming from the 1974 oil crisis. Io Asia both South Korea and Taiwan have built large ship-yards. Japan's other major competitors emerged in East Europe, Brazil and elsewbere.

For the Japanese, the collapse of the shipping and shipbuilding industries has meant dramatic and painful cuthacks, bankrupt cies and Government assistance. The peak capacity of Japaoese yards had risen to 90m gross tonnes a year before the oil crisis. By the end of this year, under Government guidelines that capacity will be reduced to ahout 30m gt. Shiphuilding em-ployment shrank from 87,000 in 1974 to 50,000 this year—a level which will probably remain stable as the companies hope for some recovery in the 1980s. The statistics on worldwide export ship orders illostrate clearly the reasons behind the collapse.

ln 1978, according to Lloyd's Register, world-wide new bullding orders for 2,014 vessels totaling 8.2m gross tonnes were placed, down about 28 per cent from the 1977 total of 11.5m gross tonnes in 2,186 vessels. This compares with the 1000 compares with the 1973 peak for new orders of 72.8m gross tonnes, 1975 orders were nnly 19 per cent of the peak, 1978 was 18.2 per cent, 1977 16 per cent, and 1978 a bare 11.5 per cent of the 1973 record.

### Ranked

Japan still ranked number one in its abare of new orders, accounting for 44.3 per cent last year, but this was down from 52.8 per cent in 1975 and 56.3 per cent in 1976. Its new ordera fell 39.4 per ceot from 1977 to 3.6m gross tonnes.

South Korea, which ranked fifth last year among shipbuilding countries, saw its new orders drop to 298,000 gross tonnes, a 3.6 per cent share of the world total or less than half the 620,000 gross tonnes won in 1977, which was a 5.5 per cent share. Its ranking was below Poland, Sweden and the

Taiwan, at the Governmentowned China Ship Building Corporation's new 1m gross tonnes capacity Kaoshiung shipyard, has huilt only 18 vessels since opening. Its only new orders have been placed by local

The 12 West European shipbuilding nations' sbare of new orders has remained steady, over the past two years at around 25.6 per cent, while gross tonnage fell to 2.1m in 1978 from almost 3m in 1977. Their market share bas risen from just slightly above 20 per cent in 1975 and 1976.

Nations outside Japan and Western Europe as a whole last year accounted for about 30.1 per cent which is down in tonnage by a small margin from 1977, but up in terms of share

### SHIPBUILDING

RICHARD HANSON

frnm 21.7 per ceot. Hollaod mean at least another two or abroad. has emerged as Japan's three years before new building strongest single competitor. In orders begin to increase signi-1978 it ranked second in world ficantly. share, winning 523,000 gt in orders, or a 6.2 per cent share, compared with 358,000 gt in 1977, 3.1 per cent of the total. Similarly Brazil, which ranked fifth, increased its business forced in many cases to choose forced in many cases to choose forced in many cases to choose for the exports actually going in tonnage sold by Japanese yards to be cut-throat. The Japanese tonnage built is for domestic Japanese tonnage built is for domestic forced in many cases to choose tonnage built is for domestic Japanese yards to be cut-throat. The Japanese tonnage built is for domestic Japanese tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose tonnage built is for domestic forced in many cases to choose to choose to choose tonnage built is for domestic forced in many cases to choose to choose tonnage built is fo from a tiny 3,000 gt in 1977 to

295,000 gt last year. Japanese shippers see some improvement in the market larly in dry cargoes such as built in Japan at prices as much to increase sharply. It now costs grain and coal. There has also at 40 per cent below cost. about three times as much to been an increase in the new ship orders being received at Japanese yards. In May alone the value of orders in Japan is estimated at about one-third that of all the last fiscal year's ever, there remains a large amount of excess tonnage

March, 52.7 per cent of all the tounage sold by Japanese rards

or accepting orders at prices to Japanese bands overseas. The well below the actual cost of importance of tie-in ships to the producing vessels. At one point Japanese fleet has grown last year shipowners were de quickly since labour costs on from spring this year, particu- manding (and getting) ships Japanese-manned vessels began

This presumably held true maintain a Japanese crew com-also for the Koreans and ship pared with other South-East builders elsewhere in the world, although production costs in those countries are generally crews. lower than Japan at this stage, What it amounts to is wholesale

This market for the Japanese Fundamentally, bowshipbuilders ia virtually guaranteed against foreign competitioo. dumping of ships just to stay There has only been one case of CONTINUED ON NEXT PAGE around the world which will Helping You kalt Hannon Whether your market is Japan or international, you'll want to know us-Toyo Trust. We're one of Japan's major trust banks. offering full banking services in Japan, especially long term credit. We stand ready with the knowledge and know-how you require

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Showa Line's containership service, for instance, offers a fast, convenient means of container transport between North America and Japan-Far East, Likewise, Showa Line iron ore, coal, lumber and bulk carriers haul their

Line is ready with its global carrier service.

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# Less bound by the work ethic

WHEN A recent in house official document of the European Commission referring to the Japanese as worksholkes living in houses no better than rabbit hutches was leaked to the Press it created a sensation in Japan. Although the wording was later toned down by Sir Roy Denman to dillegence and trusplify during gence" and "frugality" during his spring visit to Japan, the original phrasing became an instant cliche with the Japan-ess: Since the report was made

public every official visitor to Japan from the Commission has been plagued by endless inquiries on the true meaning and intent of the twn words, "Japan Inc." and "economic animal" the Japanese instantly facorporated into their own fanguage, "worksholics" and "rabbit hutches" as accurate. depressing stereo types of their lives and life-styles.

But no matter how attractive the terms are to the Japanese, they are to a large event incor-rect. Japanese homes are de-finitely smaller than their European counterparts in terms of physical space. But as the test-ing ground for the world's largarray of consumer conveniences and high quality electronic equipment that are still rarely found in most European homes. If the Japanese live in rabbit hutches, they are very comfort-

19.54

Of far greater importance is nationalistic. Taiwanese, and the apparent: misconception South Koreans pride them-that Europe holds concerning selves on "working harder than the Japanese work effic. Ten the Japanese" in the hope of years ago the Japanese may some day catching up with have been the "worksholics" Japan they are basically have been the "worksholics" Japan they are basically affected by this change in values, nor bas it led to waves of strikes like those seen in that once nowerful nation now suffering have been the "workaholics" Japan. They are basically affected by this change in values, the Lat, the Commission report Coincident with the shorten like those seen in that once only was booming growing at a rate of over 10 per cent a ling of the Japanese working a rate of over 10 per cent a ling of the Japanese working a rate of over 10 per cent a ling of the Japanese working a rate of over 10 per cent a ling of the Japanese working a rate of over 10 per cent a ling of the Japanese working shortinge of workers of all though the days and their European bearder than additional 10 hours a week concern the Japanese worker overtime was common to those overtime was common to the solution of the solution of the solution of the solution of the first time in modern the lightly with that of the first time in modern the lightly with the shorten that a number of their omition that a number of their omition personal needs only after the const of discovering what to do

root. The limits to growth theory propounded by the Club in Japan, helped along by the country's well-known shortage of natural resources, its obvious

or natural resources, his obvious population pressures and its worsening pollution problems.

But it was after the 1973 oil trisis that Japanese devotion to work took a real dive. Manufacturing plants that had been provided at the full canacity for working at full capacity for several years were closed down. Several large prestigious companies that had been heavily dependent on borrowed funds were forced into bankruptcy. Suddenly the rewards of a life-time of hard work looked less

Those who were able to have on to their jobs found. that with plant operating rates ranging around 70-80 per cent of capacity the call to overtime duty became less frequent

The product of these trends has been steadily shrinking Japanese work schedules. The number of hours worked per month by an individual in the manufacturing ind ses has

### LEISURE

STEPHEN BRONTE

fallen from 207 to 1960 to 173.9 to the group had important in 1976. The primoer of days economic implications. Among worked per month during the other things it made easier the

statistics from the North-East Asian economies shows who in fact the real workaholics are. In 1977 a Japanese steelworker laboured an average of 168.5 hours per month. His counterpart at South Korea's Pohang Iron and Steel Company, the country's major steel manufacturer, worked 176 hours a month. The Taiwan the average worker in the manufacturing sector worked 200 hours a mouth, or roughly six eight-hour days a week

· A similarly striking comparison can be made by examining salaries from the three countries. The average monthly wage for a Japanese steeling ground for the world's larg-worker, excluding bonuses, est consumer products export-equals \$1,186. The South ers Japanese homes have in the Korean steelworker gets \$363 a last decade been filled with an month and the Talwanese array of consumer conveniences worker gets \$172. In terms of hourly wage rates the Japanese gets \$7 an hour, more than eight times the U.S. 86 cents Simply looking at labour

statistics, one can say that the Japanese stopped working as hard as the Taiwanese in 1862,

personal needs only after the cess of dis demands of the company had with it, been satisfied. The sude

The allegience of the worker large part of the population to reports.

rise of large, labour intensive industries in which strikes were rare, and which eventually became highly competitive in

the world markets. Worker psychology in Taiwan and South Korea can still be described along similar lines. While group allegiance in these countries is traditionally not as strong as it once was in Japan, poverty, patriotism and the urge to catch up with the industrial world drive these peoples to make similar sacrifices.

The past ten years have seen a fairly rapid reversal of values of Japanese workers. and therefore lovalty to the company, is no longer the priority that it once was. They will still aing the company song every morning at 9 a.m., but they now return bome at 6 p.m. after

day.

Workers are increasingly viewing themselves as independent individuals possessed of their own free will, not as small but important cogs in a very large machine. Instead of spending most of their waking hours at work they are devoting more time to their families and

cess of discovering what to do

a leisure-orientated lifestyle created a boom in the leisure industry that has been continuing since 1970. It has also made the leisure business ona of the few industries to come through the mid-1970s recession The Japan Economic Research

Institute, using a very broad definition of the leisure field, and calculating in its multiplier effects on the economy, estimates that Japan's total leisure expenditure in 1975 was Y18,500bn, corresponding to 12.4 per cent of the country's nominal GNP in that year. The figure shows a dramatic increase over the Y9,600bn spent in 1970

and the Y4,100bn spent in 1965. The largest share of this expenditure bas gone into the travel business. The Japanese propensity to travel to certain places at certain times of the year can be aptly described by anyone who has tried to book a flight from Tokyo to anywhere during August, or book a train in Japan in early January. In fiscal. 1978 3,525,000 Japanese travelled overseas, 84 per cent of them on sightseeing tours.

The past few years have also seen big changes in the way Japanese enjoy themselves. Outdoor sports are now more popular than they once were, being part of a shift from spectator sports (baseball, sumo wrestling) towards participatory sports (tennis solf shift) sports (tennis, golf, skiing, archery). The traditional traditional leisure activities of pacbinko (Japanese pinball) and mahjong have gooe into a slow decline.

Japanese industry has been quick to gear product lines to meet these new leisure trends, and in many cases has belped to create new leisure forms. The home repair field, an alien concept to city dwellers until recently, is being vigorously pushed by power tool manufacturers. The introduction of home sound movie cameras bas expanded the options for amateur photographers. The food and heverage industries are designing products for consumption specifically by the outdoor crowd.

Japan bas of course many years to go before it catches up with California in the pursuit of the leisure lifestyle. It may well never get that far. But the Japanese worksholic i. now an anachronism, to be found only in the history books. The sudden conversion of a or in European Commission

# Dearth

with a foreign country. That was the small and medium com-before the oil crisis when Japan panies), South Korea appears ese yards were operating at datermined to forge ahead in capacity, forcing Japan Lines expanding total capacity, which

and Kawasaki Kisen to order now is about 10 per cent of finer VLCC tankers from Hyun- Japan's. dai in South Korea There were Hyundai Heavy Industries no signs of Japanese owners built its largest dockyard more

no signs of Japanese owners, built its largest dockyard more switching loyalty from Japanese, than six years ago with nominal shipbuilders—no matter what capacity of about 1.6m dwt per the price. If and when the mary year. With the eventual compleket for ships improves, the tion of two other major yards. Japanese industry will be poised one by the Daewoo group and to take the mothealts off up the other by Samsung, capacity utilised capacity to ensure the will be doubled. Wherewithal to supply these. There are no accurate figures lovel customers.

loyal customers.

on the differences in cost beWhile Japan has dismantled tween Japan and South Korea,
and mothballed all but 39 per but the Japanese estimate South cent of its peak shipbuilding Korean costs to be about 70 per

Japanese owners in recent capacity (34 per cent for the big cent to 80 per cent of those at decades placing a major order shipbuilders, and 45 per cent for the major Japanese yards. The biggest difference is in labour. which represents about 40 per cent of all shipbuilding cost. South Korean blue-collar in-

dustrial workers earn about Y200-300 per hour, or about a fifth of that in Japan. It is be lieved that the effective overal! labour cost in South Korea (allowing for differences in productivity) is about 60 to 70 per ceot that of Japan, while in Taiwan it is around 60 per cent. Wage increases in recent years in South Korea have been steer There are no accurate figures (averaging 25 per cent a year) some problem facing the South Korean economy (thought to be over 20 per cent last year and rising). It is anyone's guess how long the large wage gap will

> Taiwan has considerably lower inflation, but it is not seen as a major force in the export market for the time being.

It is not known how the South Knrea companies account for the enormous cost of the inshipbuilding. While taking losses on operations, the South Korean husinessman must also pay very high interest rates on his debts, now about three times the rates in Japan. These costs theoretically should be absorbed in the price of sbips.

Technology in shipbuilding apparently will not be a major factor in Japan's favour for very long. While Japanese builders are well advanced in the fine details of design and technology, both Taiwan and South Korea are already just as capable of making basic tankers and other bulk carriers. Both Taiwan and South Korea depend on Japan and other countries for some equipment and machinery, but both are working on production facilities for large marine diesel engines which at present come from Japan.

The Japanese are not anxious to see Sonth Korea advance its shipbnilding capabilities (Mitsubishi Heavy Industries, the largest Japanese builder, recently declined a request from Hyundai for skilled engineers and designers). But technology and skilled help is aveilable elsewhere in producing more valuable and specialised vessels. During the 1980s Japan will depend mostly on what has always been its essential advantage in the world market—its size, competence and ability to adapt to a drastically changed

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n Tokyo...

### JAPAN XIV

On the next three pages Charles Smith, Richard Hanson and Ron Richardson profile 10 people eight Japanese, one British, one South Korean-who have a particular interest in Japan's relations and trade with its "new industrial country" neighbours.

# The revolving stage



### Taroichi Yoshida

MR. TAROICHI YOSHIDA, a small, pipe-smoking former Japanese hureaucrat who now holds the presidency of the Asian Development Bank (ADB), may he one of the few people in Asia who sees the relationship between Japan and its neighboura from both sides. Yoshida's bank has lent more money to South Korea than to any other developing (or semi-developed) nation in its region and borrowed more from Japan.

Nowadays the ADB seems to he interested mainly in the Asian countries approaching take-off (Malaysia, Thailand, the Philippines, etc.) rather than in those which have achieved take-off (Korea, Taiwan). But Yoshida remains personally interested in the problems and prospects of the NIC (newly industrialised nations) and their relationship with his home. relationship with his home

Using the metaphor of the "revolving stage" (familiar to everyone who has visited the famous Kahuki Theatre in Tokyo) Mr. Yoshida says that advanced industrial countries like Japan, Europe and the U.S. disappearing off one side of the stage as a new group of "actors" appears on the other. "Japan may already have left the stage." says Yoshida, "and Europe should be prepared to do so, too, hut both Japan and Europe may get the chance to come back on stage in new roles." In other words, if they resign

themselves to giving up some of the iodustries in which new industrial countries are becoming competitive (textiles, light electronics, etc.) they may find it that much easier to move into

to be most successful in restructuring their economies tice, he concedes. Europe may be tending to lag in the develop-ment of new high technology

industries. But the Europeans, says Mr. Yoshida, have other advantages such as "accumulated wealth" and "superior quality of life." Japan only recently woke up to the importance of the quality of life (as opposed to the size of GNP) "but this is semething which is likely to get more and which is likely to get more and

more important."
Mr. Yoshida says the EEC leads the world in the vital task of working out a horizontal division of labour hetween a group of neighbouring countries which have reached roughly the same stage of economic development. ASEAN (the Association of South East Asian Nations, whose memhers are Singapore, Malaysia, Thailand the Philippines and Indonesia) has made a good start on tackling the same problem but in Northeast Asia the situation is more difficult, he considers. The problem there is that two small but rapidly growing economies (South Korea and Taiwan) risk being dominated by one giant developed economy (Japan).

Japanese businesses must stop thinking about "holsting the Japanese flag" over the region and must instead see themselves as "regional multi-nationals," says Mr. Yoshida. As a nation Japan needs to adopt a "sensitive" approach to regional relations, providing leadership without stressing the fact too openly in its public ntterances. Mr. Yoshida thinks

Japan may bave to accept the internationalisation of the yen as a natural consequence of its economic pre-eminence in the region, but does not favour . "The U.S. hurrying the process economy is still fundamentally immensely strong and the dollar will regain strength too in the medium term, though naturally that depends in part on how successful the U.S. is compared with other advanced

nations in handling inflation."
Returning to developing Asia
and the potential obstacles to
its growth Mr. Yoshida sees
protectionism in advanced development. What I as an almost equally serious leave it up to God." problem is that of manpower development within the region itself. "The Korean; are lucky to have a foreman class between their elite and their rank and file workers—other would-he industrial countries don't have that," he says.

The problem in Mr. Yoshida's view is partly that the colonial tradition gave some countries the wrong ideas, causing them to favour an elitist Western style of education rather than a more pragmatic variety. The ADB throughout its technical more advanced sectors.

ADB throughout its technical

On the question of which aid programmes is launching an countries or regions are going attack on this problem but it hanks ability to advise and will take time as well as money. That does not alter the fact that developing Asia, in Mr. Yoshida's view, is very defito make room for new in-dustrial countries Yoshida Yoshida's view, is very defi-says the chances of Japan, nitely on the move to a position Europe and the U.S. are where it can challenge if not octionally equal. In pracequal the achievements of the advanced industrial countries.

### Ichiro **Isoda**

SUMITOMO BANK'S president, Mr. Ichiro Isoda, feels that the major trend in the world today is toward regionalism, a force most pronounced in European and American spheres, and one which is forcing Japan to question how it will forge new-relations with the nations of North and South-East Asia.

Asia is the most promising market in the world, and Japan's deep involvement in those countries makes if likely that it will become the centre of the region, he says. now, the post: World War II movement of Japanese invest-ment into other Asian nations has been rather haphazard. "Almost 60 per cent of the foreign investment in South Korea has been Japanese, hut this was mostly an unintended result. We have to be more careful in the future," he cantions;

known as a fair-playing sports and loans. The outstanding balprotectionism in advanced man. Forty years ago he ance has now reached the countries as the hig problem ensured that reputation as the equivalent of about 57bm in the short run, but not some captain of Japan's national. Mr. Isoda thinks that China thing which is likely to put a rugby team. A colleague should move more firmly into permanent hrake on the region's describes Mr. Isoda's philosophy the rest of Asia. While posing

> Mr. Isoda has launched a American hanks. Mr. Isoda, who became president in 1977, wants his bank during the next decade to break from the typical Japanese bank pattern small profits from overseas

provide information to its customers on overseas con-ditions and affairs. He admits freely that Japan at present is woefully lacking in information about the rest of Asia. The business Japanese hanks do in Asian capitals has traditionally heen concentrated on serving the interests of the

Understanding between those countries and Japan typically is marred on both sides by a lack of insight into the other's

Mr. Isoda notes that programmes for exchanging students are inadequate, and not as mutually developed now as they were at the turn of the century (virtually no Japanese students go to countries like South Kores, preferring over whelmingly Farrage or the U.S.) whelmingly Europe or the U.S.).
President Isoda himself has only travelled to South Rores and China among Asian countries.

Mr. Isoda sees the pressure on Asia to look more inward as the result of European moves to consolidate relations between itself and Africa; and similar efforts in the Americas. He does not think, however, that closer regional ties in Asia will lead to a closed market situation.

The Japanese Government will continue to be very reluctant to allow the development of the yen as an international or for that matter regional currency in trade. Isoda says. Udlike Europe, where the majority of trade is among fellow European states, trade among Asian nations aggregates to only about 30 per cent of total trade. The use of ven has been ex-

tremely limited when viewed in the context of the maturity and scale of the Japanese economy itself. Only about 2 per cent of Japan's imports are settled in yen, and less than a third of its exports are yen decominated. "A currency can't he inter-nationalised artificially," Mr. Isoda comments.

He personally thinks a greater role for the yea should not be rejected, but Government fears that the possibility of outside forces disrupting the domestic economy, making it. difficult to adjust to new problems, outweigh the "prestige" value. On the other hand; he points to the rapid growth of yen in international finance in Sumitomo's president is best the form of long-term yen bonds

no threat to Japan in the near future, once China masters busi-ness administration and producmajor effort for Sumitomo tion techniques it will eventually Bank. Japan's third largest provide Japan with strong comcommercial hank which, if his petition The two countries will; team is successful will turn depend on each other in the Sumitomo more international course of development. He exfollowing the pattern of the big pressed some degree of apprehension about China bowever. "For the Japanese people, communism in China is hard to understand," he says. As Japan further develops its

ties in Asia, it will have diffi-culty in providing political leadership. Mr. Isoda believes that " as long as Japan is a nonmilitary power, it is unrealistic to think of having political power." The assumption is still that "we cannot or should not hecome a military power, even if others wont Japan to become a strong force," he comments Japan will have to extend its influence by continuously doing economic favours.

R.H.

# Tsuguhide Fujiyoshi

everything that we know" be referring to is the huge amount as it exports. of investment and scores of Mr. Fujiyoshi joined Toray ventures the Japanese have com- when its main product was pleted in other Asian countries Japanese companies have about 258 textile ventures in Asian nations and control about 30 per cent of the production of raw materials that go into textilea in those nations.

Mr. Fujiyoshi, who joined Toray (then known as Toyo Rayon) more than 40 years ago, thinks the industry has reached fiell maturity and that it is time for his company to hranch out into other endeavours (90 per cent of Toray's husiness is still related to synthetic textiles).

This does not mean that Toray is losing any confidence in its ability to compete with the emerging industrial nations in Asia. The technology gap between Japan and countries like South Korea and Taiwan will remain as the Japanese industry continues to advance into more sophisticaled fibres and products. Those countries have already taken over much of the lower grade synthetic exile production, but will be hard put to compete in research and development, he says confidently.

Japan'a large and well-developed (though presently alling) petrochemical industry in many cases that its its own however.

Asia. The technology gap between Japan and countries only Matsushita Electric industries in the first plants of the lawer grade and well-developed (though presently alling) petrochemical industry and only he kept by china last year, he says, it was Asia. The technology gap

MR. TSUGUHIDE FUJIYOSHI, supplier of the raw materials switching production to those the 63-year-old president of for the textile industry in Asla, Toray, Japan's biggest synthetic textile company, feels Japan has future. Mr. Fujiyoshi expects textile company, feels Japan nascompleted its role in the that there will not be any great development of Asia's textile increase in the volume of development of Asia's textile increase in the volume of Japan is Japan about the already importing about the says. What Mr. Fujiyoshi is same amount of textile products

rayon (one of his teachers at over the past three decades. Tokyo Imperial University With Toray leading the way, thought there might he an interesting future for such a product). Not all that long afterwards Toray was able to develop its own nylon-close on the heels of America's Dn Pont. After heing drafted into the Army during World War II, spending two years in the interior of China, he returned to the company and in 1951 negotiated a very important licence for nylon production

with Dn Pont. In the 1950s Toray began its first major investments in Asia, starting in Hong Kong. Eventually Toray established about 45 ventures in Asia and now stands as the second largest Japanese investor overseas, outstripped only by Matsushita Electric

to establish 50-50 joint ventures, which under the pressure of nationalism in some countries eventually dropped to minority shares with local interests tak-ing over. Toray has only about 300 of its Japanese staff over-

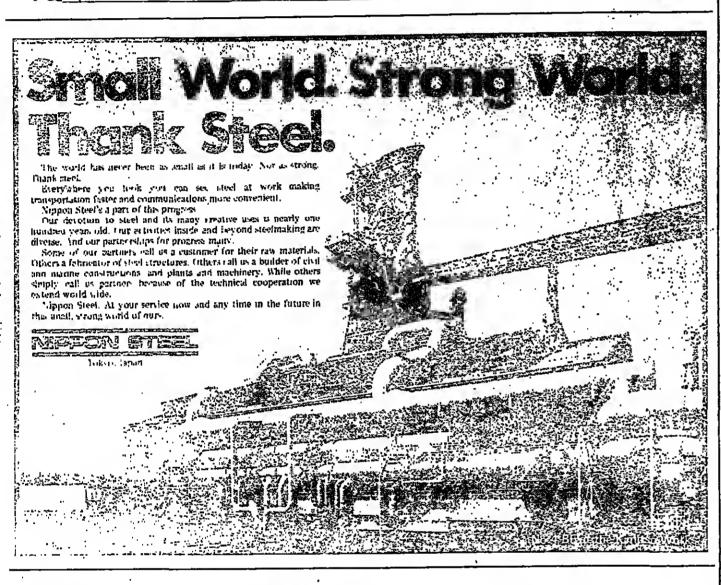
In Taiwan, for example, it purposely allowed its share in a venture to dwindle so as not to offend. China. with which country trade has increased to about the same level of exports to the U.S. (China was Toray's higgest customer before the

Mr. Fujiyoshi believes in the principle of a global division of about, with more labour-intensive parts of the industry moving to low-cost areas. But the key to Toray's position in the industry is that it will continue to control the flow of buology to its overse

anwhile, Toray, viewing further large myest-mens in the Asian textile incistry as unlikely, would like to move further into the U.S. and Europe along the lines of



appulate that the country would trave; difficulties providing its new people with the enormbus with the enormbus required. Course production will have to give way to the need to use land to feed the huge population this will require a switch to synthetic materials, he says.



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### JAPAN XV

### Nam Duck Woo

The speaker is Dr. Nam outside foreign aupptlers in Duck Woo, for five years from certain industries.

1974 until December 1978, South 

We bave joint ventures in

phase of economic growth. Among the pressing problems technical deals at that we are that the country has yet to not restricted and can sell in solve, according to the 55-year-their market. old former university economics professor, is its growing trade deficit with Japan. Last year this reached U.S.\$3bn compared with U.S.\$1.8bn in 1977, and was almost twice the size of the

Japan, while our traders find it very hard to penetrate the Japanese market as our industries are competitive in many areas rather than complementary. But we are not the only ones who are suffering from this problem vis-a-vis the Japanese."

The former Minister, now an advisor to Preaident Park Chung Hee, believes Korean lot in recent years.

Sitting back in his office, which like all Government buildings is open to Seoul's humid summer breeze—a concession to the energy saving campaign—Dr. Nam looks to a future of greater industrial co-operation with Japan. The relationship he envisages is based on intra-industry specialisation. Chung Hee, believes Korean specialisation. companies are facing the same barriers as those which have said to be taking over from antagonised European countries

are partners in industries in nn co-operation in which Korea and they don't want our different countries specialise in companies to sell these goods different areas of the same

"OUR APPROACH is to create a problem or a challenge this year, then try to solve it next year. The Government can set out some poticies or goals. After that ft is up to the energy and initiative of our business community to achieve them."

The sneaker is Dr. Nam

back to Japan."

We may make some progress with this problem, but there is no simple answer. Basically, there are three thiogs that have to be done. "First, Japan must speed up atructural adjustment of fts economy so there can be outside foreign aupptlers in

1974 until December 1978, South Korea's Deputy Prime Minister and Minister for Ecooomic Planning. Dr. Nam was outlining aome of the thinking behind the policies that he implemented, which guided his country through its most rapid phase of economic growth.

• We bave joint ventures in Korea with the Japanese which use some raw materials may not to seil the products of these companies in other countries and not in Japan. So, second, we must take more care with licensing agreements and second, we must take more care with licensing agreements and

"Third, we must also be more active in marketing and should not face any hindrance from the Japanese." At present, says Dr. Nam, there are many hidden harriers and established marketing tie-ups which block trade in his market, although says. "We are beavily dependent on raw material input from lot in recent years.

"Me are beavily dependent on raw material input from lot in recent years."

"Developing countries are developed countries in the labour-intensive industries. in their attempt to sell to labour-intensive industries.

Japan. There are also some added difficulties in Korea's rather than leading to conflict. it could lead to another form "Many Japanese companies of economic relationship based

industry. This could lovolve Korea and Japan making different parts of products within the same industry—making machine tools, for iostance. In the automobile industry we do not make all the parts for Korea-made cars. We already import many of the more sophisticated parts. By working together with the Japanese in this area, then exporting what are jointly made

cars, we benefit each country by concentrating on our own areas of comparative advantage. "But all we can do at this stage is point out to our industry leaders the possible advantages and let their initiative work it out from there. I also hope the Japanese leaders in the control of the con business leaders will see this."

Dr. Nam ia modest about the part be has played in over-seeing Korea on its way from being one of the more back-ward countries of Asia in the 1950s to the stage where, in the judgement of the World Bank, it is on its way to becom-ing a developed industrial economy by the early 1990s.

"The basic factor was the energy and ingenuity of our husiness community." Dr. Nam iosista. The Government gave emphasis to the drive to build up export markets, helped by developing a logical industrial strategy, while industry had access to an energetic and well-educated labour force. "But all this was not my idea," he

insists. But one idea that be does want to put forward is that South Korea must learn from the mistakes Japan has made in its earlier drive towards econo-

"One thing we have avoided is the Japanese trade policy of



storming exports where over seas sales are concentrated in only about five major products -autos, steel, ships, cameras and colour TV. We have set out to develop our markets worldwide and to guard against concentration on just a few items of exports.

"We will also be able to avoid dependence on exports through emphasia on our domestic market—this can be our aecond engine of growth. The development of social in-frastructure, housing, road improvements—there are many things to be done.

"Do we bave the resourcessay yes. All this will have be effect of developing our domestic market. And in the end we must live by our brains and hands . . . that is our future —scientific and technical competence."

R.R.

### Yoshiji Miyata

YOSHIJI MIYATA. president of the Japan Council of Metalworkers' Unions (IMF-JC), at a recent meeting of the Geneva-based International Metalworkers Federation (IMF) tore into a Swedish delegate who strongly denounced South Korea as completely jacking trade union freedom.

"The South Korean unlon movement is limited, but it is there," retorted Mr. Miyata, who knows South Korea well and Is vice-president of IMF. Mr. Miyata, as the chlef link between Japan's most powerful Industrial federation of unions. the IMF, and the union movements in the newly industrialised countries (NICs) of Asia, does not accept that unconstructive public denunciation of the unions in bis domain by outsiders will belp safeguard their existence.

As be travels through Taiwan, South Korea and elsewhere in Asia, Mr. Miyata does not make an issue of local politics, or of the controls other governments place on union movements. The IMF-JC maintains close ties with Asian unions by constant exchanges of meetings and lectures. It also belps with negotiations between unions and overseas Japanese employers by providing infor-mation on the parent company. Finally it serves as a key channel for the region's unions to the IMF headquarters in Geneva oo subjects of broad importance that the IMF-JC will not involve itself in alone.

Mr. Miyata, a veteran of Japan's labouc struggles, joined the union organisation of Yahata Steel on the southero island of Kyushu in 1947, when exist be was 22. Yabata has since joined with Fuji Steel to create workers tha world's largest integrated otherwise disrup; industry. Part tend to favour the Japanese steel maker, Nippon Steel. Now of the reason is economic and 55, Mr. Miyata bas been in charge of IMFJC since 1973; of labour disruption as a example, will always give charge of IMF-JC since 1973; of labour disruption as a example, will always give the organisation covers steel, cars, shipbuilding, metal and Japanese industry a ready



machinery workers, electrical workers and a number of independent unions and claims a total membership of nearly

Unions in the metal ludustries in South East Asia and to the north are surprisingly widespread, with membership running at around 50 per ceot of employees. The unions themselves, however, remain in weak positions.

IMF-JC through lectures bas attempted to "pass the message" to union organisers, promoting the principles of collective bargaining and teaching effective methods for organising unions.

South Korea face similar problems with their governments. While the right for unions to

political weapon.

The IMF's affiliated unions in South Korea have 123,000 mem-

increases in both countries have developing countries emerge as been sharp and constant over strong competitors. The distrithe past several years. South bution of labour internationally Korea in particular has been will shift more from a vertical hard pressed to keep inflation orientation by nations to a hori-from outpacing wages. One pro-jection shows that if the current industries shift from nation to pace of wage increases continues, South Korean salaries could theoretically overtake those of Japan in 1981. Because low wages represent the key to South Korean competitiveness, the Government there clearly bas to keep this from bappen-

Even though wages are catch-lng up rapidly, Mr. Miyata thinks countries like Taiwan and South Korea are at the to benefit the local economies stage of development Japan rather than simply repatriating reached in 1955 in terms of them to Japan. infrastructure. While Japan was able to improve the lot of its people gradually over the following two decades, the NICs are being forced to take rapid leaps to make up for lost time. Mr. Miyata notes that when the Korean and Taiwanese consumer tries to match the standards of countries like Japan, he is faced with a baffling variety of expensive appliances standard now, which 25 years ago were not around to tempt the hard working Japanese wage earner. This attempt to catch up will cause serious internal frictions in countries like South Korea.

rganising unions.

Even so, in five or ten years
The unions in Taiwan and Mr. Miyata expects that the standards of living in the NICs (except the poorest of them; will begin to equal those of exist is recognised, both Japan. There remain however, countries refuse to allow differences between those counworkers to stage strikes or tries and Japan which will still

source of investment funds. Mr. Miyata feels it possible that Japan will eventually turn

bers and in Taiwan 134,700. away from the current heavy
Despite the relatively weak emphasis on domestic industries positions of the unions, wage like steel and shipbuilding as nation, be believes.

Meanwhile, Mr. Miyata does not think there is any reason for people in the NICs to resent Japanese investment and business in their countries. The Japanese Government, business and the unions bave agreed that investments in those countries should only be made when it is requested, and that profits from local operations should be used

itself for the re-emergence of China as a major factor in trade—with the South Koreans, for example, worried that cheap Chinese labour will threaten their textile industry. Mr. Miyata, however, does not see China as a disruptive force for the next decade or so because of the country's preoccupation with internal development. The centrally planned economy in China will avoid "recklessly coming out into the world " he China will become a major political force in the but it will not direct region itself at specific markets or

Japan itself should be in a position to give economic aid to countries faced with internal problems which threaten the area's security, and should to some extent even participate in the defence of the region Economic factors, Mr. Mivata believes, are a major cause of

R.H.

# **Bill Dorward**

bility for Hong Kong's trade and industry policies this autumn. One of his main problems will be what to do about the Territory's economic relationship with Japan. The part of the relationship that coocerns him particularly in that Hong Kong's imports from Japan have been running at almost ten times the level of its exports and that the Japaneae market bas secmed curiously unreceptive to its made-up garment exports.

"Thia wouldn't have surprised us particularly if we were facing similar problems elsewhere," says Mr. Dorward, "but Japan appears to be a special case." Hong Kong bas done far less well in the Japanese market io recent years than Korea and Taiwan, while bolding its own very successfully against theae two competitors in the U.S. and Western Europe. "We con-sidered various explanations for our lack of success in Japan such as language or cultural ties and eventually came up with investment," says Mr. Dorward.

Korea or Singapore. Something emphasis of Government Sonoda, a Hong Kong Japan culmination of a career which economic policy has been on business co-operation committee began in the late 1940s after he

Mr. Dorward says that it would have been theoretically possible for Hong Kong and Singapore to bave switched roles, that is, for the former to have stressed investment promotion and the latter export promotion. As it is, he says, there seems to he a feeling in hoth places that the time has come for some adjustment of the balance. Hong Kong accordingly is starting to think about appointing its first resident overseas investment promotion officials. "At the momeot we have three peripatetic people but no one who is actually based overseas says Mr. Dorward. Hong Kong's semi - governmental Trade
Development Council (TDC)
bas plenty of overseas offices
(no fewer than 17 at the last

count) but their job hitherto bas been only to push exports. Mr. Dorward hopes to establish three permanent investment promotion offices (in Europe, the U.S. and Japan) within the investment," says Mr. Dorward.

Actually, Mr. Dorward admits, it is not particularly surprising that Jepanese investment in Hoog Kong is far smaller than Japanese investment in Taiwan, 1978 which was beaded by the Korea or Singapore. Something governor and included the chairlike 90 per cent of Hong Kong's industrial investment has been locally generated (in contrast with Singapore where the bulk of investment has come from the source from the sou with Singapore where the bulk Matheson and Co.). After that, of Hong Kong Trade and of investment has come from at the suggestion of the Industry (to which he succeeds abroad). This is because the Japanese Foreign Minister, Mr. in October) represents the

BILL DORWARD is a burly, export promotion and trade bearded ex-Colonial Office "facilitation" rather than on official who takes over responsi-drumming up investment. was formed to consider ways of actually getting Japanese companies to invest in the British

"We are mainly interested in small- and medium-sized com-panies since the big zaibatsu are already represented everywhere." says Mr. Dorward.
"What we offer is the most productive and disciplined labour." force in Asia after Japan's" (because Hong Kong's labour force is 100 per cent and has not yet lost the Chinese work ethic—as he claims has happened in China itselfi. "What we are looking for is technology and management— not money of which we already

Mr Dorward says Hong Kong made a point of starting "at the very top" in its dealings with Japan "hecause we had been Japan "necause we had been advised that that was the right thing to do." The prohicm that now has to be solved is how to get down to the grass roots level where actual investment decisions are taken. This also have sions are taken. This clearly is going to take time, but he claims that there is plenty of Japanese goodwill (a fact which may parily reflect Hong Kong's avoidance of the familiar "head on" tactles adopted by the EEC and the U.S. in demanding the reduction of their Japanese trade deficits). In time he expects that medium-sized and "incovative" Japanese jovestors will start coming forward.

Mr. Dorward's job as Director



from Office in London. Hong Kong was a "sleepy place" with 2 population of 600,000 when he arrived there and seemed out to be going anywhere in par-ticular. By the early 1950s the nopulation had reached 2m and the Government had become committed to creating an "ambience" for industry. Bill Dorward fived through the process of developing a commercial policy for Hong Kong "by the 1960s. He now expects to be involved in creating, not just an "ambience," but a positive strategy for the oext phase of Hong Kong's industrial develop-



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TRUNCAT

MR. TAKESHI YASUKAWA is one half of Japan's answer to Ambassador Robert Stranss.

(President Carter's ebullient

Texan-special trade negotiator).

He holds the title of Govern-

ment Representative for Exter-

nal Economic Relations (with

direct responsibility to Prime

Minister Ohira). His jnb, at the

moment, is to make frequent trips to the U.S., Europe and

most receotiv Sonth East Asia

to explain Japan's economic policies and, if possible, win acceptance of them from his

(sometimes reluctant) husts. The other balf of Japan's ex-

ernal ecocomic relations team,

Mr. Nobnhiko Ushiba, is exclu-

sively concerned with keeping

Japan's end up in the Tokyo

Round negotiations. When these

are concluded (it is hoped later this year) Mr. Ushiba will retire,

leaving the field open to

Yasukawa's personal style unlike that of the rumbustious

crossed swords with other foreign trade negotiators and even with Prime Minister

Ohira) is understated and

emphasises the typical Japanese virtue of patience. Mr. Yasu-kawa seems tu think that in

U.S. and two to Europe since the beginning of this year (when

he took the post) his approach has begun to make an impression. The climate in Brussels was less "barsh" when be was there recently, he says, than

during an earlier visit in March.

However, problems lie ahead with the EEC, not only in the

field of hilateral trade, but also

ver the problem of how to

bandle the vexed issue of safe-

course of two trips to the

who has frequently

Amoassador Yasukawa

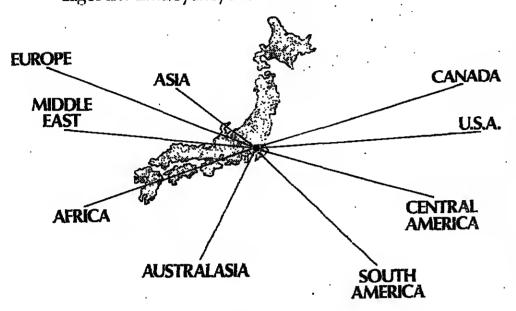
Takeshi Yasukawa

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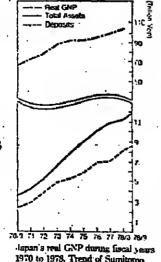
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وكنامن الثحرا

# Takami Takahashi

TAKAMI TAKAHASHI, the 50year-old President of Nippun Miniature Bearing Company, says he does not know why he became one of the first Japanese businessmen to invest in Singapore (to the early 1970s). "It seemed the natural thing to do." On second On second thoughts he uffers the explanation that every company which manufacturing oriented (rather than development or marketing oriented) must look to its labour costs and NMB started worrying about its costs as long ago as the early 1970s.

"When I originally took over at NMB I decided to set up a plant in Karuizawa (a mountain resort outside Tokyo) because I thought people would like to work there and we would be ahle to get good lahour," he says. "When my girls in says. "When my giris in Karuizawa started growing up into women I thought the time had come to make another move." Mr. Takahashi chose Singapore for his move because he sees it as the "countryside of the West, whereas Taiwan and Korea are the countryside uf Japan. His experience in the U.S. where NMB had started making bearings even before it moved to Singapore, had made him feel that Singaporean business methods would be easy to live with. His guess pruved right, which is one reason why NMB now cuploys more workers at its three factories in Singapore than it does in Japan.

Mr. Takahashi says the present labour force of NAIB has a structure like an inverted pyramid, with 5,000 Japanese and U.S. employees in the top part and 3,000 Singaporeans underneath. He would like to turn the pyramid the right way up-that is, to bave more employees in developing countries than in advanced countries. But he has doubts whether Singapore can accommodate more than another 1,000 or so extra NMB workers—the strains on its labour resources being what they are as a result of other new Japanese investment.

Mr. Takahashi is also doubtful about the prospects of some of the dozens of other Japanese companies which have flocked into Singapore in recent years (following the fashion which NMB set as long ago as 1972). The typical hig Japanese com-pany represents the top layer of a borizontal husiness structure he says: In other words it depends on numerous support industries (which in turn may depend on still others at lower levels of the industrial structure). Horizontally structured Japanese companies which move into countries like Singapore face the problem that support industries there are not lighly developed. NMB's case ls different hecause, unlike most companies, it is integrated—doing everything from raw material turning out

Mr. Takahashi, a small man with a hig head wbo radiates



energy, joined NMB as its presi-dent 20 years ago after becoming frustrated with the extreme conservatism of the big textile company he was working at hefore. The company bad 55 employees at the time and was producing specialised miniature bearings for the small Japanese domestic market (small because Japan at that time had almost sophisticated none of the defence oriented which require miniature bear ings). In the early 1960s he decided to import U.S. bearings machines but realisen that there would he no point in doing this unless he could expand his sales outside Japan.

He went to the U.S. in 1963. and secured one \$80,000 order three types of bearings, which was equivalent to 10 per cent of his domestic Japanese market (covering 200 bearing types). Mr. Takahashi moved to Karuizawa when his U.S. sales took off and hy the late 1960s was selling 40 per cent of the miniature hearings bought in the U.S. "That was when the trouble started. The U.S. industry started opposing our exports and I soon realised they were right. One country is bound to display patriotic nationalism when another sells so much. The solution was for us to invest in the U.S." (which NMB did in 1971).

Mr. Takahashi says the U.S is a "fair" market where "you succeed in three years i you have a good product, good prices and good delivery," Europe it takes eight years and Japan ten hecause the markets in these countries are less "fair," he says. By "not fair" he means (in the case of Japan) that success depends on which major group a company is affiliated to, who its hankers are and so on. NMB would probably never have grown to its present size if it had been content to do business only in Japan-" but struggling with the pressures in Japan gave us the energy to succeed overseas." Hence the emergence (though Mr. Takahashi himself does not use the expression) of NMB as one of the first genuine

### "inevitable process that cannot

Saburo Okita THE EMERGENCE of new industrial countries is an be halted by artificial mears," according to Dr. Sahuro Okita, one of Japan's best-known economists and the hrain behind the famons "Income Doubling Plan" of the early 1980s (when Japan set ont to double its GNP in 10 years and easily exceeded its target). "If Knrea, Taiwan, etc., expand their exports too fast we can ask them to adopt orderly marketing measures," says Dr. Okita, "but there are limits. It would be illogical for us to try to stop such countries developing their exports and moving into new industries when we have heen asserting our rights to do precisely this wiscards the West We have vis-a-vis the West. We have only one choice-to keep on moving into more advanced areas ourselves. Fortunately we still have some dynamism left."

Asked where all this leaves Europe and the U.S., Dr. Okita makes two points. First, he says, here should be room for horizontal specialisation in advanced products — for example in the rapidly growing field of in-tegrated circuits (where there is already a two-way trade between Japan and the U.S.). Secondly, if the advanced Western nations cannot hold their own in the markets of developing Asia it

may be their own fault.
"Places like Korea, Singapore and Taiwan could provide a testing ground for the competitive strength of the West. Okita. "If we buy their lahourintensive products, as we :will be doing more and more from now nn, they will have the money to bny Western goods. The West says that the reason why it cannot sell more in Japan is because the market is closed. We will be able to tell bow far that claim is justified by the West's export performance in industrialised

Dr. Okita says that increasing industrial specialisation is one of two paths likely to he taken hy Japan over the next decade as its neighbours move into the middle ground of industry. The other will take the form of capital export. "The UK was exporting nearly 6 per cent of

Mr. Yajukawa says that Japan

middle hetween Europe and the newly industrialised committees of Asia on the question of whether or and GATT's controversial Article 19 should be interpreted to meet that mem-

interpreted to mean that mem-ber countries can invoke selec-

tive safeguards against the imports of other members (in other words whether the EEC.

for example, should be allowed to restrict imports of TV sets from South Korea without im-

posing similar restrictions on trade between its member countries). Some "selective

countries). Some "selective restraint," he thinks, may he

mevitable in future considering

the rate at which exports from

new industrial countries are

growing and the difficulty old industrialised countries seem to

behaving in absorbing them, but

Japan thinks that, at the very

importing

its GNP in the form of capital before World War II, while the U.S. exported about 4 per cent during the period of the Mar-shall Plan. If we export as much as 1 per cent from now on that will mean a total of \$10bn a year-in the form of direct overseas investment, long-term bank lending, overseas aid and the tapping of the Tokyo capital market by foreign borrowers. Actually as much as 2 per cent is possible, so capital exports from Jopan could he making a very significant contribution to global development from the early 1980s onwards."

that some countries might find

unacceptable Japanese capital Dr. Okita says: What about China? We could spend our money building a 300m kW power station on the China's economy, in Dr. Okita's view- is not likely to live-up to the projections of its 1978 modernisation plan (which calls for 4 per cent growth in agriculture and 10 per cent growth in industry over the next decade). But will still be "as hig as that of Japan hy the end of the century." "The Chinese are aiming for 45m. tonnes of steel by 1980 (a downward revision from the earlier 60m tonnes target). should be able to double that figure before the year 2000 which would give them a pro-duction equivalent to oursprior consultation with expor-ters before introducing safe-

Mr. Yasukawa sees the safeguard problem as the main obstacle to the signing by new industrial countries of Tokyn Round agreements. lesser problem, which he admits may also be causing countries to withhold heir signatures, is Japan's failure to do very much up to now in the way of liberalising its imports of agricultural products from such countries. Japan restricts imports of silk. fish and seaweed from South Korea and of taploca from Thailand (to name a few of the fairly numerous bones of contention with the countries concerned). Mr. Yasukawa does not think removal of barriers on these items would have any very drastic effect on Japan's overall trade imbalance, but it would upset localised and influential groups in Japan, and the chances of the Government overriding the wishes of such groups are ant rated highly.

Trade in agricultural products is far less important than industrial trade between Japan and the NICs, Mr. Yasukawa thinks, and he expects the imbalance (in Japan's favour) in this area to right itself as countries concerned modernise their industry. Japan had a big deficit with the U.S. in the early 1960s but turned the tables on the Americans when its car and electronics exports took off from the middle of the decade. There is no reason, says Mr. Yasukawa, why countries like Korea should not dothe same thing visa vis Japan.



Despite his assumption that the Chinese economy can and must grow Okita does not agreed with the view that China is about to start disrupting world Asked about the possibility trade with chear industrial

of held practically every major: public post which a Japanese, economist can hold, says, "educating the younger generation" of Japanese businessmer Yangize River—that would be is one of the ways in which for the good of mankind." he plans to spend the rest of he plans to spend the rest of his career. "I still travel for 40 per cent of the time; making .12 or 13 trips a year, but I may have to slow down presently. What I will be doing from now on is telling the 30their outlook more inter-national."

Dr. Okita and some colleagues started an institute to just that end on December 8, 1978 (the 37th anniversary of Pearl Harbour) "We seem in he getting a good response so far. perbaps because Japan has no choice but to become international."

### Ganri Yamashita

JAPAN IS NOT, repeat not, planning its defence strategy from a regional point of view says Mr. Ganri Yamashita, the carpenter's son turned cunservative politician who now bolds the post of Director-General of Defence Agency (equivalent to Defence Minister in other countries). Japan's defence forces have heeu selfwere reconstituted in the early 1950s, and they are going to stay that way. Regional defence remains a matter for the American Seventh Fleet and the other varied elements which

make up the U.S. presence in the Western Pacific (including its nuclear presence). Mr. Yamashita sounds confident when asked if the American presence will continue to he a match for the growing Soviet naval presence in the waters around Japan. He admits, however, that Japan is "gravely concerned" with the Russian naval build-up and says it would like to protect its freedom of movement along the sea lanes of the Western Pacific. So far Russian naval

exercises in the neighbourhoud of such sea lanes have not caused problems for Japan, but the situation needs watching, Yamasbita says he thinks America's commitment to maintaining stability and looking after its friends in the Far East has not changed fundamentally since the end of the Vietnam war, even though the number of U.S. forces in the area bas fallen from 800,000 to 130,000.

"The Americans have not changed their altitude to Taiwan" despite normalisation of diplomatic relations with China, he says. In Korea, the withdrawal of American ground troopa would produce "serious" impact nn impact nn military halance between North and South, but Mr. Yamashita says he has the impression that President Carter's withdrawal plan is being reconsidered. Mr. Yamashita helieves the

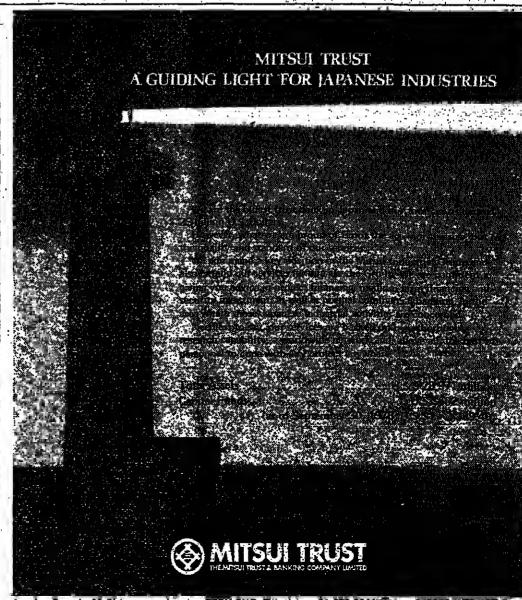
argument that Japan is getting a "free ride" in defence (i.e. that it should step up its defence spending so that the U.S. can spend less) is heing less frequently in Washington these days-and should in any case not be lifened to seriously. Economy and defence problems should he dealt with separately, he says, and Japan should certainly not allow its defence expenditure to rise above the selfimposed ceiling of 1 per cent of GNP just because congressional critics



prohably will be exceeded eventually, he says. (There is nuthing in the Japaneae constitution which prevents this happening and defence is after all hecoming more expensive.) But the ceiling should remain in place for a considerable time. One reason not to be in a hurry is that Japanese public opinion remains firmly pacifist, even though there is less disposition than hefore to believe that the mere is aomething to be de-

In so far as Japan does strengthen its defence capacity the next few years, Mr. Yamashita says, the accent will quality rather he on quantity, with special attention tn electronic communications systems and to improving the preparedness" of the Self-Defence Forces. Asked what he means by preparedness, Mr. Yamashita notes that Japanese warships still do not carry torpedocs which they clearly should if they are going to be much use in deterring the Russians. Japan's definition of self-defence includes patrolling the high seaa in its neighbourhood "up to a point" and does not only mean cruising around in territorial waters, he says. Mr. Yamashita says he is

doing the defence joh in the present cabinet because he was given it by Prime Minister not because of any special interest in the subject. He did serve, however, as a Captain-in the Imperial Navy from 1943 until surrender in 1945. officers may or may not count elit**e** in present day Japan (a fact alleged hy some non-navy men) but Mr. Yamashita says that his old navy friends "certainly count among my most important human resources."



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# The new order for oil

BY RAY DAFTER, Energy Editor

LEADERS AT last week's "marker " crude from \$14.55 a The compromise set of self-imposed, restrictions can be criticised as being too conserva-tive, as being too little too take. On the other hand, the decision marks an important step towards oringing sourcy supply and depand pore into balance. In the case of the U.S. school uncestrained during for imported.

unrestrained liditis for amported oil has done so much to aggravage international energy illa President Carter agreed to light imports to fore bereas a day (close in the present level) through to 1965.

Whis may be a far cry from the target of openry self-sufficiency outlined in the project tadapendence integrating which emanated from the White House ammediately after the 1973-1974 crists. But after the 1973-1974 crists. But it is still an improvement on what might have been faxon, in its recent report on the US energy entlook for 1979-1990 estimated that without concerted. action the country's level of imports could reach 114m barreis a day by the mid-1980s. Other industry estimates had put possible import levels as high as 16m b/d

### **OPEC** strings

The summit leaders may have position. relieved some of the future pressure on oil exporting Tokyo implicity acknowledged nations. But they must have left the importers vulnerability. The Tokyo painfully aware that they most urgent tasks, it stated, are a long way from controlling were to reduce world consumpthe international energy picture tion and to hasten the develop-The Organisation of Petroleum ment of other energy sources. Exporting Countries still pulls It also implied that the major

Com

100 P. 10

porters: The Organisation of were adjusted through the pro-Petroleum Exporting Countries duction distribution refining acted raising the price of and marketing cycles.

ecoforms summit in Tokyo have burrel to \$18. Other crudes restricted house reasonably saids: were priced at up to \$23.56 a fied that the agreement to limit harrel although ceilings were their constraints oil imposes will imposes on the various market case the world's energy problem surcharges in order to "bring The compromise set of said some stability" to the pricing confusion. (It is often over-looked that one of OPEC's articles of objectives lays down that the Organisation members should "devise ways and means. of ensuring the stabilisation of prices in international oil markets with a view to eliminating harmful and mmecessary fluctuations")

Or the following day Friday The "unwarranted" OPEC price rises were deployed" they these companies" were bound to have very serious economic and social conse-quences, it was said. But almost immediately the Government Both sets of proposals were lieses were forced to swallow viewed with a good deal of again when it was reported that Colonel Gaddaffy was planning in halt Libyan exports for at least two years. The threat may be dismissed as belated reported of posturing by Libya at the OPEC meeting. But it is indica-tive of the current power of the producers and the supply inse-curity of importers. As one senior oil analysi put it at the weekend if Libya with its esti-mated 1.8m barrels a day of exports did shur down, both OPEC and the summit leaders would have to return to the conference table to rethink their

Position.

The final communique from the strings importing nations were still indeed, the orchestration of unsure of the detailed workings last week's top-level conferences of the international oil markets, highlighted the relevant post particularly the valuable spot tinn of the exporters and in market and of the way prices to the international of the way prices.

In what may prove to he one traded crude nil and products is those companies with excess established.

heing urged to moderate spot market transactions. . At the same time, the seven nation summit meeting agreed that it would seek to achieve "hetter information on the profit situation of pil companies and on the tise of funds available to

### Scepticism

scepticism by those in the oil industry yesterday, not only because they saw, the move as a further restriction on company activity but also hecause they feared the creation of a paper-swamped hureancracy unable to see the wood for the

The spot market is often perceived as a price inflator lisher of the weekly t and a troublesome impediment journal, Oil Buyers Guide. to oil movements. This is particularly the case at present. when crude nil is in general short supply and when some companies are willing to pay up to double normal contract prices in order to obtain hadly needed feedstock for their eliminated, refineries. The problem is compounded hecause in recent nke Iran. Iraq and Lihva have heen using the more incrative spot markets to dispose of a higher than normal proportion of their output of their output.

to 7 per cent of internationally- to hridge the gaps between

international examination of of percentage points above the arises when this fine-tuning oil industry activity is heing normal trading position. The mechanism becomes a major fly-A register of hig difference at this time as wheel in the distribution of ininternational oil transactions is represented by the type of nil ternational oil, influencing, in to he opened in order to heing sold through Rollerdam "hring into the open" the work and other spot markels. Today. ing of oil markets, the com-the vast majority of transactions is largely the result of an initia-munious said. Oil companies involve crude oil — the ultimate tive within the European Com-and nil exporting countries are huyers are usually integrated munity. The summit leaders are companies too short of fuel and to consider the feasibility of chemicals to put oil products requiring that at the time of

> spot market. Keeping track of such transactions is at hest extremely the profitability of companies difficult, at times virtually impossible. It is possible that a consignment of oil could be traded three times before it with the responsibility of colreached a refinery; one trading company might buy some off from a producer and then re-sell it to another trader who in turn would sell it again to a refiner.

"It is hard enough for people within the industry to know what is going on, let alone those on the outside. All these deals are done confidentially" commented Mr. Vincent Sgro, publisher of the weekly trade

While it is the hope of importing countries—and to a certain degree members of OPEC-that the spot market activity will eventually he reduced, it is hard to foresee all heing transactions

"The spot market will not go away," said Dr. Gary Ross, of months the national oil com- the Petroleum Industry Re-

The spot market serves a use-Within the U.S. Department of ful purpose in that it helps to Energy it is tentatively esti-synchronise oil production with mated that perhaps 5 per cent downstream activity. It helps

of the most important moves now heing sold in spot lots. Sur-crude oil products and those by the summit leaders, a new prisingly, this is only a couple facing shortages. The concern

and the use of their funds.

It is not clear at this stage which agency will he empowered lecting and processing all this information. The International Energy Agency would seem the obvious candidate, although there might he some difficulty with France's self-imposed exclusion from the Agency, (On the other hand, the EECincluding France — is an observer of IEA meetings.) Another idea put forward hy nne summit government advisor is that a special committee should be set up within the OECD. But he warned that this may take many months to achieve.

Apart from the issue where the information should he gathered there are three basic questions worrying the industry:

Is all the work necessary? Will the data be assessed in a meaningful manner?

have already instituted close monitoring procedures, at the national level. They form part cargoes are bought by importing a company if it could be demon-of what Mr. Robert Yancey, countries, and the price at which strated that the company had President of Ashland Oil, sees they are delivered to U.S. also traded with an "enemy."

UK: National Union of Mine-

President Julio Cesar Turbay-Ayala of Colombia at City of

London hanquet, Mansioo House,

GENERAL

and education.

Hall, Westminster.

Chamber of Trade.

the process, all crude nil prices.

The oil transactions register hack into the market. In times unloading crude oil cargoes, of more plentiful crude sup-documents are presented indiplies, a higher proportion of cating the purchase price as cerproducts would be traded in the tified by the producing country. At the same time, the leaders wanted hetter information on

America's growth industry: Government transfer pricing rule of the he said, "could he used as a regulations. Quoting American Petroleum Inatitute estimates that federal regulations were now costing the U.S. over \$103 hn a year. Mr. Yancey told Government already monitors a recent Columbia University more than 97 per cent of the forum that since 1974 the federal regulatory budget had more than doubled and since 1976 the number of regulations had more than tripled. These regulations were inhihiting the growth of many energy projects, be alleged.

"We have Government auditors with us all the time," a senior U.S. oil company executive said at the week end. "We sbower the Government with documents-so much that even with its vast staff the Department of Energy seems unable to distil them into conclusions. They come hack to us to ask us for the hottom line."

### Resistance

The U.S., like a number of On the first point, companies other countries within the panies. He feared that the infor-OECD, already monitors the movement of oil into the country, the price at which the

Department of Energy's Economic Regulatory Administration and other regulations, the U.S. Government already monitors crude oil transactions and a sizeable proportion of product deals. It is likely that soon the monitoring mechanism will be made even more comprehensive

Queing for petrol in Las Vegas

At the international level, the Standing Committee on Oil Marketing of the International Energy Agency has been looking at the way oil is marketed, the type of transaction involved and the costs of various deals. Here, however, staff bave niet with a good deal of resistance from oil companies worried about anti-trust implications and the dissemination of proprietary

The president of an independent oil corporation was worried with the information needed to that the summit premiers were seeking an "open hook" of oil transactions—that could affect the competitiveness of commation could also have political implications. An oil-producing state might interrupt supplies to

number-one refinery subsidiaries. Under the The Register of Oil Transactions, tool of revenge.

It may be then, that instead of establishing a new international body totally reliant on the massive flow of raw oil business data-the recipe for a bureaucratic nightmare ' according to a number of industry weekend—the main oil import-ing nations will decide to co-ordinate their national monitoring systems. In this way, information would aggregated at the national level before being forwarded to the international overseers.

Whatever system is chosen, it is clear that the oil industry is being shoved into a new era of closer international scrutiny, more transparency and perhaps less freedom of operations. If this provides the major energy-consuming countries smooth the path towards a greater understanding with OPEC and an improvement in energy production/consumption balances, all well and good. But it will be counter-productive if the restrictions inbibit the free movement of oil and frustrate the efforts of energy companies, to expand and reshape their international operations.

House of Commons: Northern Ireland Act 1974 (interim period

emension) Order: Northern Ireland (emergency provisions)

Act 1978 (continuance) Order.

House of Lords: Charging Orders Bill, second reading, Companies Bill, committee. Debate on baggage arrangements

### Letters to the Editor

### Welcome for the Budget

Confederation of British

Sir I have read with inferest Mr. John Baker White's letter (Juice 26) in which he complains that industry is "mosting" about the Budget Nothing could be TIGHTS ISSUES

the Budget Nothing could be TIGHTS ISSUES

further from the truth Since it was amounted. Thave travelled From Mr. J. R. Aspden

the country extensively met Sir.—There has recently been Martin-Marketin scores of businessmen from Press comment on the unsatis 10 The Fenning companies large and small, and factory performance of share Cheshom Bois. discussed the Budget with them prices after a company has made Amershom, Bucks. in some detail. I can assure you a rights issue. Indeed, Lex that they have velcomed the supported this argument by broad direction of Sir Geoffrey citing large rights assues from Howe's measures most warmly seven companies made during They see it as a long overdue 1973, and badly needed stimulds for So far as medium-sized rights trade and industry issues are concerned (raising

trade and industry issues are concerned (raising, IHEUIC Indeed your readers should for example, £5.20m), the From the Ch knew that last week about 300 picture is rather different. Distributors top executives attending the Taking the six companies whose Sir. May monthly meeting of the CBL issues were made within this columns, ferroundly manimously passed the range during 1978, one finds plea made following resolution: that their prices have subsection Methyer

following resolution: This Council fully supports quently risen by an average of the stratesy and the direction of 14 per cent against a correst sion towards total metrication. the Bridger and recognises that ponding average increase in the To take the situation of the 1ts success will hinge to a large. All Share Index of eight per common fastener—the obligation. extent on the ability of man cent and no change in the FT agers and employers through 30 Share Index. This more out business to respond to the encouraging performance can be challenge and the incentives it attributed to the fact that the provides. The CBI Council there includes are fore calls on all CBI member often enjoying a rapid phase of firms to do everything in their expansion and that the proceeds power through the efficient and of a rights issue can only but competitive management of a rights issue can only but eccelerate this trend. A their enterprises to ensure that growth rating is therefore the policies, which the CBI has long advocated and which are average future achievements from their or the policies. row heing pursued by the The market loves anticipating,

is concerned I think this resolution speaks for itself. (Sir) John Greenborough, 21. Telhill Street, SW !-

### Grasping the chance

123

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From Mr. J. L. C. Scarlett. Sir Mr. Baker White did not range widely enough in his letter on June 26. Mosning is cot confined to the boardroom. It must be incredibly frustrating J. R. Asoden. or Mrs. Thatcher, having given he country a chance to reverse East Molesey, Survey. he stuffifying trends of recent. rears, to see us all refuse to reasp that chance with energy, optimism, and a defermination n show what we really can do f we try. I hope that when she sets back from Tokyo she will inpear on television, set out the From Mr. C. L. G. Martin position of the country when she ook over, outline the difficulties the letter from Mr. C. J. Carter reated by the world situation, on June 26 referring to a miles-ind then tell us to get off our pergallon meter he saw being per gallon meter he saw being tested by SAAB some 20 years ottoms and get on with it.

he the time to buy.

18. Summer Avenue

Miles per

Mr. Carter is absolutely right

One other thing: if the comination of government controls and the welfare state has sapped that an instrument showing mpg our will to take responsibility rates would help the driver or our night have and livelihood, he distingthed the continuous of social hours for stream extent than would reduced speed limits, and it is proposed. Bell and pany is involved in a programme he fact office say they cannot to launch a new mpg meter night factors, have to make the formal work and testing disclined for this reason that this company is involved in a programme pany is involved in a programme to launch a new mpg meter night factors, there is the cannot within the next few months.

This institution is the culmitation of many months of six,—I read with hours and so be entitled full adult allows successive Chancel course feduced to work unsocial by the two inventors in order to building in Milton Keynes (June 1997). The provide a digital display show the police? And would the ing a continuous and accurate 27) which is to house some of David G. Lindsay, nours be unsocial if actors, miles per gallou readout, as lung our major retail institutions. nous be unsocial if actors, miles per gallon readout, as lung our major retail institutions. 8. Swanston Field, nusicians, radio and television as the engine is running. Must the whole of Milton Keynes ingineers, cooks and waiters, together with a memory "that be dressed by C and A, furnish Ozon

and many others adopted the displays an average mpg read- their homes from John Lewis same line. Are there no coming for any chosen distance up eat what Waitrose sella (we pensating advantages in being to 10,000 miles at the touch of could say that the John Lewis free at other times? a button. Thus the driver is J. L. C. Searlett. technique at any time to ohtain Bramblewood, Castle Wnik, Wadhurst, Sussex. the most economical fuel consumption. The truth is sohering when nne sees the mpg figure suddenly reduce to, maybe, 6 mpg upon applying full power A ttractions of in a low gear, for example! In the face of such evidence, the rights issues

C. L. G. Martin, Sir There has recently been Martin Marketing Services. Press comment on the unsatis- 10 The Fennings,

From the Chairman, GKN

range during 1978, one finds plea made (June 27) hy Sir quently rises have subset June Methyan distance during the subset June 1988 and 198 common fastener—the nhlqul-tous nut and bolt—the demand pattern is poised, static, halfway between the old imperial standard and the new (circa 1964)

ISO metric. The duality of stocks, to which Sir John Methven referred creates an enormous stocking financial. problem for companies concerned with the production, distri-bution and use of fasteners. The length of production run fer diameter has been effectively halved, thus creating a higher unit cost. Duplicate macks of raw material, taps, dies, and Government lead to higher productivity, higher living stanductivity, highe Chasers, thread rollers and gauges have to be maintained and these factors are quite spart from the 50,000 sizes of their size) expect to maintain a imperial fasteners and the 20,000 metric sizes intended as their replacements in producsimilar, proportionate rate of growth. Their share prices, I would suggest, tend more to be orientated towards predictable tion and held in stock.

performance. And unfortunately The indecision of a series of all the stocks cited in recent examples of under performance British Governments over this issue has created a chaotic state have been overshadowed by the of waste and muddle involving current fashion for second-line stocks to an estimated value of shares where he greater opporsome £100m turnities for capital appreclation.

Rights issues can, therefore, hint of change that is evident in Whitehall, may we hope that Bill prompt action will be taken to bring this contentious issue to a sane conclusion. British industry social needs the capital that is fied up in unnecessary stocks of fasteners and related com-components. The correct decision only by restoring such CTAs. could lead to the ultimate either at full rate (for a 16 year release of some £40-£50m to help old this would be about 80 per Sir,-I was interested to read cash starved manufacturers. Is cent of the adult allowance) but not this a laudable purpose? as an alternative option to CB

E. B. M. Gruhb; President, Institute of Purchasing and Supply. Chairman GKN Distributors. 39. The Green, Banbury, Oxon.

Partnership caters for the whole capable of altering his driving man!), and read what W. H. Smith has to offer? With the use of a Halford hike everyone will be able to ride along those marvellous cycle tracks that lead seemingly rowhere or wander from Boots to Woolworths and British Home Stores comparing prices in the January sales.
When a person (I use the

right foot quickly becomes a word advisedly instead of the more usual "man") is tired of Milton Keynes he will surely be tired of life. The artist who sculptured the cows knew a sad thing when he saw it coming. I hope he has kept the mould and that planners all nver the country from Aherdeen to Crawley will he able to erect this symbol of all that is lost. Those cows will remind us of a time that was and soon will be no more, when cows ate grass in green fields while the lark and the thrush sang.

> A. planner's dream is the nation's nightmare. Marion Hazzledine. The Ouarry, East End, Northleigh, Witney, Oxon.

### Bicycle power

From Dr. S. L. Goodman Sir.—If Messrs. Jamleson (June 10) and Ford (June 23) swopped their anachronistic automotives for hicycles they would not only be saving them-selves and the country much petrol, they would also avoid £4 minimums on garage forecourts. Bicycles have no petrol tanks. They also keep you fit and are

S. L. Goodman, 42, Tite Street, SW3.

### Taxation of children

From Mr. David G. Lindsay. Sir,—Those concerned at the relative economic decline of families with children that, predictably, followed the replace-ment of the Child Tax Allow-My Institute and the company ances (CTA) by the Child Benefit (CB) must have been glad to dearn that Mr. Frank Field ment of resolute action. In the MP (letters June 22) is to raise the matter on the Finance

> As the taxatinn inequity as between those supporting children and the childless, to which Mr. Field referred, is the direct result of the withdrawal of as an alternative option to CB or, but at apprepriately reduced levels alongside CBs.

Incidentally, I should be sur-

prised if Mr. Field receives much help in this from the " rich ". Due to the crazy structure of our tax system their children will usually he the recipients of income settled nr covenanted by co-operative relatives (in addition to CBs) and so be entitled to enjoy the full adult allowances, which successive Chancellors have so conveniently raised over the years, while they have reduced CTAs. I cannot see that particular boat being rocked!

Whitchurch-on-Thames,

### **Today's Events**

workers conference opens, St. Helier, Jersey. Mr. Mark Carlisle, Education Mr. Peter Walker, Agriculture Secretary, at opening of Royal Show, Stoneleigh, Warwicks Secretary, speaks at Industrial Society conference on industry Show, Stone) (until July 5).

Canadian Red Indian chlefs' statement on constitutional

Ladbrokes apply for casino licences renewal, opposed by police and Playboy Club, Central rights.
Church of England general synod opens, Church House, Trade missions from Keoya and Ghana visit Birmingham Westminster (notil July 6).
Overseas: Mr. Cyrus Vance, credit business (May).
U.S. Secretary of State, attends
PARLIAMENTARY BUSINESS

Association of South-East Asian Foreign Ministers meeting in Bell, Indonesia. (until July 5).

MPs' painting exhibition Secretary, talks with Indian opens, House of Commons.

Lord Carrington, Foreign Secretary, talks with Indian Government, New Delhi.

Dr. Henry Kissinger receives COMPANY RESULTS on orary degree, Jerusalem Final dividends: honorary University.
OFFICIAL STATISTICS Retail sales (May-final). Hire

Final dividends: Heswood Williams Group, Ropner Hold-ings, Interim dividends: Bett Brothers. See Financial Diary on Page 18.

at Heathrow.

Keadicut len years of growth



Year ended 31st March	1979 £000	1978 £000
Turnover	86,951	76,380
including exports	23,951	21,772
Trading profit	9,791	8,165
Profit before taxation	9,309	7,586
Profit after taxation	7,795	4,435
Earnings per ordinary share	10·09p	5·72p
Dividends per ordinary share	1·77106p	1·58603p

### The Chairman, Paul Croset, comments:

Whatever the ultimate external circumstances may be, mail order, leisure and the durable goods sectors in which your Company is one of the market leaders will emerge least affected by events beyond your management's power to control,

Copies of the Annual Report are obtainable from the Company Secretary, Readicut International Limited, Horbury, Wakefield WF4 6HD.

### READICUI INTERNATIONAL Manufacturers of Speciality Textiles

Companies and Markets

INCLUDING £139,000 from the WHILE IT is too early to give menswear retailing business any reasonable indication of the

impact of the recent acquisitions

on the performance of Norcros,

Mr. John V. Sheffield, the chairman, tells members a healthy advance in sales and profits is

expected in the current year.

The group acquired H and R.

Johnson-Richards Tiles and

Anglian Building Products dur-

Mr. Sheffield says "the acqui-sition of Johnson-Richards Tiles

brings substantial benefits to

Norcros, spanning as it does our

interest in the construction and

before tax for the year ended

March 31, 1979, increased from

£14.5m to £17.17m on sales of

£198.9m (£179.7m). The dividend

is stepped up to 4.93p (4.43p) net

The chairman says that results

of Johnson-Richards were not included in the year's figures as

they would have "unnecessarily delayed the publication of the accounts and would have distor-

ted the report on the activities of

But, the directors have inclu-

ded a pro-forma profit and loss account consolidating Johnson-Richards results: Total sales are

REPORTS TO MEETINGS

Norcros for 1978/79."

As reported on June 25 profits

consumer industries."

ing the year:

per share.

M. James

reshaping

menswear retailing business George Doland, acquired in 1977, Maurice James Industries raised

taxable profit for 1978 from £379,000 to £409,000.

As known the Doland company

was sold to John Cheatle of Leicester in January this year

for f1.24m cash, and Cheatle assumed responsibility for Doland's overdrafts of some

The Maurice James Board now says that it is considering re-

organising the group structure. Therefore it is not proposing a

circumstances would bave been

0.5p net—pending clarification of

So far in the current year the

group's accounts show an advance

on the corresponding period of

1978 and the directors anticipate

that this trend will he maintained

for the rest of the 12 months.

(£27,000) earnings per 20p share are slated lower et 1.5p (1.9pt,

but with deferred tax treated

on the same basis as the pre-

vious year fuey show a marginal increase to 1.5p (1.4p).

With £4.28m from Doland,

tax taking £200,000

up and

# Norwest Holst strong and highly confident

civil engineering and building BOARD MEETINGS contractor, looks good. There is a strong balance sheet, comprehensively equipped companies with excellent client relation-ships and well-organised personnel to meet continued growth, states Mr. S. E. Baucher, the

"I can say that I bave never been more confident in the future of our groop," he says in his annual statement.

Construction mergins are expected to remein under pressure until the country's prosperity improves but the company lonks to an increasing contribution from its property development. programme.

Turnover in the year to March 31, 1979, climbed to £119.7m (£88.2m) end taxeble profit wes £5.45m (£5.17m). As reported May 31, the net dividend is raised to 5.043p (4.5845p).

At year-end cash and short-term and other deposits were down from £4.74m to £2.71m but hank overdrafts were hardly changed at £1.29m (£1,28m).

started in 1976, into the company continues hul nothing has so far come to the directors know-ledge that would cause them to change their view that there was no justification for the inquiry.

### Hambros hopeful of improvement

THE ever-ingreasing price of oil must make one hesitant about the prospects for the future growth of world trade, says Mr. Jocelyn Olaf Hamhro, the chalr-

Profit (Losa) after taxation

Net profit of Mariborough

Proposed dividend

0.2814p per share

Retained profit for the

and extraordinary items

Group from 1st January

1978 to effective merger date (1st April 1978)

The following campanies have notified dates of board meetings to the Stock Exchange. Such meetings are usually hald for the purpose of considering dividends. Official indications are nat available as to whether dividends are unterime or finels and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

interim—Ben Bruthers. Finals—Reywood Williams, Ropner Haldings. FUTURE DATES 

Ladies Pride ...... Finals— Breiherhood (Peter) ....

confident all sections of trade and industry will answer the Government's "clarion call" and this makes the directors hopeful

of continuing improvement in their own business.

As reported Juna 19 attributable profits for the year Mr. Baucher says the Department of Trade investigation, started in 1976, into the company continues hul nothing has so on the £10 shares (£2.50 paid) is 67.24p lifting the total from 96.0925p to 109.24p.

Acceptances, on the hanking side, reached a record £274m, and the value of assets leased, cither for the group's own account or under management other enmpanies, rose to

more than £200m. Hambro Llfc Assurance continued to progress throughout 1978, the chairman says, end new business in the first quarter of 1979 is running substentially ahead of the corresponding period last year.

Of its overseas interests, the group's Channel Islands hanks man of Hambros. However, he is continued their steady growth.

& Chown)

31,12,78

2000

320

17

1.7.77

31.12.78

£000

111

222

17

205

**MARLBOROUGH** 

£000

Results 18 months ended 31st December 1978

PROPERTY HOLDINGS LIMITED

And since the year-end, capital invested in Hambro America has

### **Brittains** reconstruction plan delayed

It is not yet possible to put forward to creditors and shareholders of Brittains detailed re-construction proposals according to a statement issued by Hambros

Meanwhile the directors of final dividend-which in normal Brittains consider that it is "nnt appropriate " that interest should be paid on the loan capital which the position. it is intended should be converted into share capital in view of the group's arrangements with Barclays Bank, its bankers. Oxford University Press and Equity Capital for Industry hava agreed to defer interest on their loans whila Phoenix Assurance Company, as trustee of the ungroup sales were more than doubled to £11.04m from £5.23m. secured loan stock, is not at pre sent calling for repayment despite Brittains' intention not to make the June interest payment.

### Hill Samuel's new unit trust

A new unit trust specialising in stock market anomalies helng launebed by the Hill

Semuel group today.

The new fund, Hill Samuel Situations Trust, will invest principally in the UK, but will also go abroad when market conditions are considered right. The aim is capital growth. The trust will take larger risks then other trusts in the group and will seek out particularly recovery stucks, hid situation; new issues and soull companies. Minimum initial investment ls 500 io units of 25p.

### FT Share Information

The following securities have been added in the Share Information Service appearing in the BHF-BANK (Section: Overseas

-Germany 1 Baker (John) (Industrials) Goodkind (W.) end Sons (Industrials) Rock Darham (Industrials)

Security Pacific Corporetion Super Valu Stores (Overscas-New York)

PROSPECTS at Charterhouse Group, the investment and

for a much better current year,"

Sellucouri-Mr. L. L. Leighton | Frl./5un.

banking concern, remained mixed, Mr. Nigel Hubbs, chairyear, with the rate of sales not far bettind man, told shareholders at the He added that It would be un-He anticipated that pre-tax profits would be very much the same as the £11.36m for last reasonable to attempt to forecast results for 1979, "but we are determined to emerge from the serious set-back a stronger and Newage Engineers has been more effective organisation:

particularly affected by a reduc-Global Natural Resources-Mr. tion in export orders, and other activities were likely to he affected by the recession in world trade. Frank Beatty, the president, said that oil and gas sales in the first quarter of 1979 were up by 20 per cont at U.S.82.7m However, other areas were (\$1.9m) and that net income showing useful improvement amounted to \$238,000 compared near last year; oil production with \$730,000 in the corresponding quarter of 1978.

below forecast due to technical However, the latter figure delays but the increased prices, were more than compensation included income from a legal settlement and the equivalent ordinary income for the period amounted to \$103,000, he added. for lower volume. On the basis of the results.

Chairmen's remarks at other annual general meetings were as follows: Ahel Morrall—Mr. S. V. Weher said that "In spite of a fire in January which gave the Mr. Beatly said that the company was on larget for 1979 and both sales and net profits for the year group a disastrous start to the were, "expected to equal or exceed those of 1978."

### Public Works Loan Board rates

Effective from June 23 13 13 13! 13!

annual meeting.

principal and interest). \$ With half-yearly payments of interest only.

Charterhouse may stay on £11m current year, knitting pln output said that shareholders could expect a gross dividend of 2.5p was getting close to the rate of expec; a gross dividend of 2.5p production of the same time last for the current year compared with 2.03p last year.

Norcros expects

healthy advance

(£19m).

Earnings are shown as 12.220

(14.16p) compared with a true 13.92p (14.7p) per share.

Charter Trust

Net revenue of Charter Trust and Agency advanced from 5.93.639 to 5364,235 in the half-

yezr to May 31, 1979. Earnings

per 25p stock unit rose from 1.19p to 1.38p, and net asset

For the whole of last year the

The interim dividend is raised

Gross revenue for the half-year

reduced from £153,760 to

was f1.07m (f966,219). Expen

C158 238 and tax rose from

£309,370 to £348,159. Earning

The figures for the 1979 and 1978 half-years take account of

the conversion of £162,167 and

£1.088.820 4 per cent convertible tursecured lean stock 1990-25 on

June 1 this year and last year

And with sales for the firs

for urdinary stock increase from 5477,689 to £548,835.

company turned in net revenue

value from 76.4p to 82.4p.

from 0.75p oet to 0.825p

of florm

respectively.

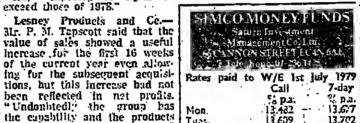
advances

to £0.56m

nuarier well ahead of the corresponding period be reallimed that the group would achieve record results for the current year. Aberdeen Construction Group dr. William Tinch said that although the interim results were

likely to be disappointing, he was not despondent about the future. All work loads were at record levels, pressures on profit margins bad cased slightly, and all resources were being fully emolayed. Harreells Group—Mr. F. S. Huggins fold chareholders that profits were ahead for the first

quarter of the current year and, helped by the increased husiness from the group's Ford panies, the first half would show improvement over the previous year.



13.651

# BIDS AND DEALS BICC paying \$1.3m for U.S. cables unit

Isnulated Cable division of GK 897,500 ordinary shares (5.3 per Technologies (formerly General Cable Corporation) for \$1.3m

in c35h. BICC has formed a new company in the U.S. known as Mineral insulated Products Inc. which is taking over and will operate the newly acquired business in New Jersey.

It is BICC's intention to improve the manufacturing facilities: and to expand its activities into broader product and market

Commenting on the agreement, Mr. H. L. Jeffrles, managing director of BICC International said: "Because of our long ex-perience in the field of mineral insulated cables, we are con-fident that we can build on this solid base and use it as a springboard for expansion of sales of mineral insulated cables and associated products in the American market."

PENTOS REFUSES.

Pentos, publishing, garden and leisure, etc., group, which now has an eight per rent stake in Jenks and Cattell, eavs it will not accept the 81p per share offer, for Jenks, by Armstrong Equip-

MORRIS & BLAKEY A. G. Stanley, now has acceptances in respect of 1,447,525 ordinary and \$10,813 "A"

nrdinary shares of Morris and Blakey Wallpapers. These acceptances, ingether with previous holdings, represent 95.58 per cent and 77.20 per cent of the respective expilals.

SHARE STAKES Gleadevon Investment Trust-Merchant Navy Officers Pensium Fund acquired 50,000 ordinary on Jone 11 and 50,000 ordinary

on June 14, making total held 705,000 ordinary 17.11 per cent). nitbroed—A trust in which The only issues by sublic Whithread, director, bas a hodies were in the form of local Whitbreed-A trust in which

BICC has acquired the Mineral Market Trust has acquired

Tribune investment Trust-Viscount Ednaumow hold 2 185.820 ordinary.

VICKERS/QUAY

DYNAMICS DEAL Vickers, the engineering and office equipment group has acquired the products, design engineering and sales operations of Quay Dynamics, the rolling mill and metal forming specia

Under the deal, worth £29,000 Vickers has purchased the company's trading name, its patents, designs, drawings and goodwill. It has also acquired certain assets including a number of current contracts.

### New money totals £154m in June

Statistics compiled by Midland Bank show that the amount of new money," raised by the issue of marketable securities in the UK in June was about £154m, rather less than in May, hat some what above the figures for June

In the first six months of this year about £646m was raised as against £4262m ha the same period of 1978. Here then 93 percent of the total raised so far this year has been by companies. In June 15 companies raised over £150m, the hulk of which was accounted for by Grand Metropelitan (280.6m) and MEPC (£37,6m). Apart from an offer for sale by Portsmouth Water Company of 8 per cent redeemable preference stock 1984 (£5.1m) and a placing of 10.75 per cent first cumulative preference shares by Brown and Jackson (11.50), all company is uses were by way of rights.

beneficial interest has sold anthority bonds totalling £ 68.500 A ordinary shares. This is the lowest monthly fire and C Eurotrust—Common for public bodies this year. anthority bonds, totalling £3.5m.
This is the lowest monthly figure.

### SAVE & PROSPER JARDINE FAR EASTERN FUND S.A.

NOTICE IS HEREBY GIVEN that a stock dividend has been declared and will be payable to shareholders in the form of four new shares for every one held as at 30th June 1979.

Holders of bearer shares should return Dividend Coupon No. 1 from asch conflicate in the Fund's administrators Save & Prosper (Jersey).
Limited, P.O. Box 73, Dolphin House, Colomberie, St. Heller, Jersey,
Channel Islands, who will issue new bearer certificates in exchange By order of the Board

# "A SIGNIFICANT AND EVENTFULYEAR,"

reports Tunnel Holdings Chairman J.D. Birkin on the year ended 25th March 1979

### "in which a number of major developments have changed the intrinsic characteristics of the Company."

"The framework to provide a broader industrial base, a better balance between UK and overseas earnings and a reduced dependence on the cyclical nature of the UK construction industry, has been established.

In creating this framework, the highlight of the year was the purchase in December 1978, for £10.5 million, of the Speciality Chemical Division which is engaged in many parts of the world in the formulation and sale of chemicals for the solving of production problems in a variety of industries. This means the Group now has three major operating Divisions. In addition to construction materials and services, the speciality chemical acquisition combined with the Stablex system for the chemical treatment of toxic industrial waste, provides Tunnel with two divisions in technological fields which have substantial worldwide possibilities. Also, during the year, a further major advance was made towards finalising the cement reorganisation.'

Salient points from the Report & Accounts:

- The effects of the worst winter since 1963 on UK cement operations mainly responsible for limiting overall profit advance.
- Better trading profit assisted by the inclusion of three months' encouraging figures from the new Speciality Chemicals Division.
- Earnings per share were affected by the return to a more normal level of taxation following the exceptional reduction in 1977/78.
- Increased dividend recommended, totalling 12.50p per unit for the year, leaving £1.998 million retained.
- Speciality Chemical Division earnings should continue to progress; development prospects excellent; high profit proportion from overseas should lift Group's UK/Overseas earnings ratio to 70/30.
- Cement activities will benefit from rationalisation and change over to coal firing.
- Toxic waste management development continues with progress in the acceptance of the Sealosafe process in North America and Europe.
- Overall liquidity position healthy and sufficient to support broader spread of interests.

"The new Government's policies are most welcome. The steps that have been taken should create a climate in industry that will assist the revival of individual drive and initiative. These are essential ingredients for tha economic well-being of the nation in general.

As to more immediate prospects, the difficulties surrounding the Cement Industry undoubtedly create

uncertainties. Always providing that such problems do not become too intrusive, the reorganised cement activity should produce a more acceptable result. The majority of the remaining operations, including the newly acquired Speciality Chemicals Division, are expected to increase their profitability. This latter operation, in its first full year, should markedly improve the Group's trading profit, although interest income will be reduced, reflecting the acquisition cost. Stablex development, particularly overseas, will continue in its formative stage.

The objective of the restructuring policy was to achieve significantly higher earnings. It was anticipated that 1979/80 would see the attainment provides confidence that this should be achieved."

Group Turnover	£68,080,000	£59,122,000
Profit before taxation	6,575,000	6,516,000
Profit after taxation	3,764,000	4,384,000
Earnings per share	29.1p	36.7p
Dividend per share	12.50p	10.9723p
Profit retained	1,998,000	4,989,000
Shareholders Funds	39,937,000	37,102,000

of the initial level of this profit plan. Progress so far

	£59,122,000
6,575,000	6,516,000
3,764,000	4,384,000
29.1p	36.7p
12.50p	10.9723p
1,998,000	4,989,000
39,937,000	37,102,000
	3,764,000 29.1p 12.50p 1,998,000

Bank On Grindlays around the world

With our head office in London and 200 branches and offices in some 35 countries, Grindlays means different things to different people around the world.

Our traditional presence in the Middle East, Africa and South Asia.

Our expanding role in Asia Pacific, Europe and North America.

Our success in developing relationships in Latin America.

Our corporate and merchant banking capability in London and other key centres. Whatever Grindlays means to you, we can provide

eurodollars, bid, performance and other construction and supply bonds and guarantees. local currency finance, foreign exchange, export finance and a wide range of other banking services - internationally.

That is why we say you can bank on Grindlays around the world.





The 68th Annual General Meeting of the Company will be held in London on 26th July 1979. Copies of the 1979 Report & Accounts may be obtained from The Secretary, Tunnel Holdings Ltd., 16 Old Queen Street, London SW1H 9HT.

# Rising stock levels force further Polaroid layoffs

BY STEWART FLEMING IN NEW YORK

ing stocks of unsold materit the last recession in 1974, the instant cameras in general, cameras appear to be intensity latest cuts are the worst since ing. The company which last the 1950s mooth disclosed that it was lay. The company has made on demand in the U.S. ing off 800 out of the 4200 bones about the problem it is Aggravated by the petrol workers at its main production racing. Its latest amonicement shortages which have made it plant in Norwood, Massachuseits. refers to excessive inventory barder for people to get in shop-has amounced that it is to being responsible for the ping centres, particularly in the work force at the facility by economies it is making. Last some city suburbs, it is widely

POLAROID's problems with rise some reductions in office staff in at a weakening in demand for

a further 390 employees. month it was widely assumed expected that the oext retail Polaroid has a reputation for that the company's difficulties sales data will show a further seeking to avoid dismissing em were not the result of any signi-weakening in consumer demand ployees particularly production ficant loss of market share to—and Polaroid could be reworkers. Although there were its chief rival Kodak, but rather sponding to this.

# Nippon Electric reviews market

THE NIPPON Electric Company with a few products, notably out a financial analysis of the is apparently preparing a strathigh density computer memory European market, with the aim

their efforts to penetrate the of the total semiconductor mar-U.S. microelectronics compon ket estimated to be worth \$1.5bo

Despite considerable success NEC is at present carrying to envisage.

tegy for a major push into the chips (particularly the 16,000-European semiconductor man bit Random Access Memory), ket:

One reason for the company's in gain more than a small per-guowing interest in Europe is centage of the total market.

The stiff opposition which the The Europe NEC estimates Sapanese have encountered in that it has only captured \$28m

m 1977-78.

European market, with the aim of deciding when and where It should increase its investment. It operates a semi-conductor

fabrication plant in Ireland at present, but this would not be large enough by itself to increase NEC's market share by the substantial amount which

### **Syndicate** faces bill on bond

By Nicholas Colchester

THE UNDERWRITING syndicate for a \$99.9m convertible bond for Ciba-Geigy, issued in February, will this week be receiving a bill for \$300,000 instead of an underwriting fee. The 75 participating banks have been written a letter by

the lead meoager, UBS (Securities), explaining that they must pay their share of substantial costs incurred in supporting the secondary market price for the securities prior to the issue closing. The managers of the issue,

the investment banking arms of the big three Swiss banks, bed to buy about 25 per cent of the issua offered through the secondary market "presumably by underwriters who had applied for bonds without having access to genuine investors," according to tha letter.

Some of these bonds had to be resold later at a loss, though it is also clear that the big Swiss banks ended up by placing well over half of the issue, bavthe company's plans now seem ing subscribed for 45 per cent in the first place.

### MEDIUM-TERM FINANCING

### South Africa renews old ties

SOUTH AFRICA appears to be confirm or to deny that it has first operation of this type for restoring some old overseas arranged the credit. But the banking relationships, reversing bank says that its policy is to perfect the past leave form the oil pricing agreements in Geneva, in which many western tive, of policical complexioo, pricing agreements in Geneva, Nacional de Obras Sanitarias, is ranks have found dinks with the Republic politically sensitive. Africa is a major market for more than \$1bo. National Westminster Bank

is understood recently to have British exports. extended a Eurocurrency loan to South Africa. The trans-South African Finance Minister, Mr. Owen Horwood late hast week, when he said a loan had been arranged with a UK bank-

when it was Government policy Venezuels is currently tapping to trade with 2 country. South the Eurocurrency markets for

Many banks have sought to ducer is one of the "high avoid direct lending to the Sooth African Government, on the relied beavily on foreign financbasis that this represented support for apartheid policies.

- A recent indication of South

pricing agreements in Geneva, Venezuela is currently tapping

ing to supplement its internal development expenditure.

The Verezuelan Covernment log consortium. Africa's new standing in the is examining offers from a No details of the loan were capital market is the current variety of banks for a syndicated available, and National West SwFr 100m private placement loan of at least \$650m. Margins minster has refused either to in Switzerland, the country's on the facility should range its life.

obtaining a \$500m one-year credit with a spread of ! per cent. Credit Suisse First Boston is heading the credit, which will refinance some outstanding debt as well as financing the utility's capital expenditure programme. Meanwhile, the Kingdom of Denmark has awarded the man-

date for its \$500m Eurocurrency syndication to the Citicorp International Group. The 10 year credit carries a margio of percentage points throughout

fixing......(£127.959) £(127.319) Gold Coins, domestically Krugerrand . \$23734 . 28934 |\$8814 . 28644 |\$152-1365 |\$151-1321 |\$152-1365 |\$151-1321 |\$152-1365 |\$151-1321 |\$152-1365 |\$151-1321 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |\$152-1365 |

Gold Coins, Internationally

828112-28214 (£129.5-129.35) 8821.30 (£129.482)

# CURRENCIES, MONEY and GOLD

# Belgium still has EMS problem

BY COLIN MILLHAM.

its lending to commercial banks. Uoder this a bank may discount

### CURRENCY RATES:

: Juno 29	rate	Orawing Rights	Currency Unit
Sterling	14 21 <sub>2</sub> 111 <sub>4</sub> 53 <sub>4</sub> 8 4 7 10 <sup>12</sup> 10 <sup>12</sup> 41 <sub>4</sub>	0.695416 1.29110 1.50775 17,5364 58,2359 6.66574 2.52693 5.63232 1075.16 280.169 6.58203 85,2829 5.52552	0,629803 1,36447 1,59274 18,6295 18,6295 7,24565 2,57222 2,77055 5,84506 1156,22 296,772 6,96425 90,0890
Swedish Kr		8.14736 T	9.26911

DM 40m by the central bank, the D-mark rose to BFr 16.0775 at the close, shove its highest per mitted level of BFr 16.0740.

At the same time the authorities raised the Lombard rate to bills were discounted at that the rate cent from 9 per cent and the contract of the c three-quarters of their bills at a favourable "A" quota rate, which was then 6 per cent.

The ending of the quota system and the rise in the discount rate on May 2 was seen as a move to belp the franc. which was at times below its which was at times below ats floor against the Danish krone. Since then the krone has fallen sharply, and on Friday was weaker than the Belgian currency. The situation has not improved for the franc, however hecause as the krone was falling because as the krone was falling the D-mark was gaining strength Successive increases in Belgian interest rates have not improved the fundamental position. Central banks are expected to take action

The Belgian National Bank one-third of its bills at an "A" when an EMS curreocy falls out moved quickly to defend the quota rate of 9 per ceot, which side its permitted divergence Belgian franc within the Euro- is the same as the discount rate, limit against its European pean Mooetary System as it fell and two thirds at the B quota Currency Unit central rate. This sharply against the D-mark last rate of 11 per cent equal to the has happened to the Belgian Thursday. Despite sales of up to Lombard rate. week the currency was within Its alarm bell limit of 75 per cent divergence from its ECU central rate, last Thursday's figure was a

worrying 86 per cent. Matters improved on Friday, as the higher interest rates took effect, but it remains to be seen whether this will make a lasting

### OTHER MARKETS

June 26	£	\$		£ Note Rates
Argentina Peso	2859-2859		Auetria	29-30 66-80-67-80
Australia Dollar Brazil Gruzeiro	55.54.56.54	25.45 25.95	Belgium Denmark	11.44-11.54
Finland Markka	· 8.45-8.48 78.781-80.677		Germany	9.20-9.30 3.92-4.021 <sub>2</sub>
		5,0960-5.1000	Italy Jeoan	1,765-1,803 465-475
Kuwait Dinar (KO	-0.593-0.603 ·	8.2765-0.2767	Netherlands	4.64-4.44
Malaysia Dollar	4.71754.7205	2.1756:2.1765	Portugal	102-106 141-145
New Zealand Dir. 5audi Arab. Riyal	7.26-7.36	8.3800-3.3220	Switzerland	3.50-3.60
Singapore Dollar.	4.7100-4.7205	2.1745-2.1755 0.8385-0.8430	United States	2.16½-8.17½ 40-43

### THE DOLLAR SPOT AND FORWARD

_						
June 29	Day's spread	Close	One month	7 P.8.	Three	P.4.
UK† Iseland† Canada† Nathhd. 2elguum Denmark W. Ger. Portugal Spain Italy Norway France Sweden Japan Auetrie 5witz.	2,1635-2,1820 2,0390-2,0460 85,55-85,65 2,0520-2,0420 29,50-29,66 1,8360-1,8500 48,90-48,16 65,00-66,10 832,15-833,50 4,2650-4,2650 4,2760-4,2650 4,2760-4,2600 217,00-218,00 13,54-13,59	2.1795-2.1806 2.0400-2.0480 25.58-86.61 2.0330-2.0350 29.54-29.56 29.25-5-2950 1.8:90-1.8405 48.90-48.27-5 5.0330-5.0-40 4.2700-4.2755 217.40-217.56 13.55-13.56 13.55-13.56 13.55-13.56	0.72-0.62c pm 1.45-1.25c pm 0.02c pm-par 0.55-0.45c pm 1c pm-2 dis 1.25-1.75crs dis 0.38-0.75pf pm 35-45c dis 7-17c dis 1.75-2.50 lire dis 0.70-0.20crs pm par-0.10c dis 3.05-0.15crs dis 1.15-1.00y pm 4.50-3.75gro pm 1.45-1.40c pm	7.93 0.14 2.95 -0.20 -3.40 -8.80 -2.18 -3.06 1.06 -0.14 -0.28 6.93 3.65	1.32-1.82 pm 3.76-3.55 pm 0.12-0.09 pm 1.18-1.08 pm 6a-1-4 dis 4.36-4.86 dis 2.02-1.92 dis 30-40 dis 6-7 dis 2.40-1.90 pm 0.48-0.555 pm 2.40-1.55 pm 2.65-2.50 pm 11.60-6.50 pm 3.97-3.92 pm	7.15 0.42 - 0.23 - 0.2

# THE POUND SPOT AND FORWARD

Juna 29	Day's spread	Close	One month	p.a. months	% p.a
U.S.	2:1635-2,1820	2.1795-2.1805	0.72-0.62c pm	3.69 1.92.1.82 pm	3.4
Cenada	2,5260-2,5450	2.5435-2.5445	0.82-0.72c pm	3.63 1.95-1.85 pm	2.8
Nethind.	4.40-4.43	4.412-4.422	25-13c pm	8.11 64-54 pm	5.6
Belgium	64.05-64.55	64.30-54,40	22-12e pm	3.17 57-47 pm	<b>3.2</b>
Denmark	11.49-11.55	11.53 - 11.542	par-2ore dia	1.04 1 pm-1 dia	pa
fieland	1,0000-1.0630	1.0005.1.0615	25-35p dis	-3.39 82-92 dis	3.Z
W. Gar.	3.99-4.03	4.00%-4.01%	33-23 pm	2.61 8-7 pm	7.4
Portuge	105.50-106.75	108.25-106.75	30-90c dra	-8.76 100-200 dis -	-6.6
Spain .	143,40-144,00	143,85-143,95	50c pm-par	2.08 75-25 pm	1.3
Itely	T.804-1.814	1,812-1,813	per-2 lire dis	-6.66 1 pm-1 dis	pa
Norway	11.05-11.12	11.11-11.12	5-3ore pm	4.32 15-12 pm	5.0
Frence	6.27-9.315	8.29°, 9.30°2	3-2c pm	3.23 7 <sup>1</sup> 2-6 <sup>1</sup> 2 pm	3.0
5weden	6.26-8.33	9.31 - 9.32 2	21-Lore pm	1.93 8-6 pm	3.0
Japan .	470-477	474-475	3.95-3.65y pm	9.61 6.75-9.45 pm	2.0
Austria	29.35.29.50	29.37-29.42	22_12gm pm	6.94 53-43 pm	8.5
Switz.	3.59-3.62	3.501-3.613	41-31-c pm	10.43 12-11 pm	12.3
Belg	an rete is ler	convertible Ira	ncs. Financial	Irano 67.35-57.45c pm	
	iv-month force	rd dollar 3 12.	102c pm: 12-mc	onth 5.10-4.95c pm.	

June 29	PoundSterling	-U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	italian Lira	Canada Dollar	Belgian Fran
Pound Starling	0.459	2.180	4.008	474.5	6.300	3.610	4.420	181 <i>5</i> .	2.644	64.35
U.S. Dollar		1.	1.838	217.7	4.866	1.656	2.028	<b>831.4</b>	1.157	29.52
eutschamark	0.250	0.544	1.	118.4	2 621	0.901 -	1.105	452.3	0.63\$	16.06
Rpanese Yen 1,000	2.107	4.594	2 8.446	1000.	19.60	7.608	9.315	5820.	5.361	136.8
rench Franc 19	1.075	2.344	4.309	610.2	10.	- 3.882	4.765	1949.	2.735	69.12
wiss Franc	0.377	0.604	1.110	131.4	2.576	1.	1.224	502.1	0.705	17.83
utch Guilder	0.226	0.493	0.907	107.4	- 2 104	0.217	2.439	410.1	0.576	14.62
alian Litz 1,808	0.552	1.203	2.211	261.8	5 181	1.992		1000.	1.404	\$5.50
anadian Dollar	0.393	0.867	1.575	186.6	6.656	1.419	1.767	712.5	1.	25.29
elgian Franc 190		- 3.388	6.228	737.4	14.45	5.610	6.869	., 2817.	6.953	100.

			A						
June 29 Certificate 1979 of deposi	i interbank	Local Authority deposits	Local Auth: negotiable bonds	Finance ; House ; Deposits ;	Company	Discount market deposit	Treasury	Eligible Bank Bilis <b>‡</b>	Fine Trade Bills #
Cyemight E.days notice 7 days notice 7 days notice 7 days notice 7 days notice 16 1 14 14 14 14 14 14 15 16 16 16 16 16 16 16 16 16 16 16 16 16	14.141s 15-1-13-1 12-13-13-1	1419-1414 1414-1412 1418-1414 1312-14 1514-1558 1258-1276	1456-1436 1418-1616 14-1656 1254-1212 13-1254	1458 1458 1416 1416 1378 1378 1378	14%	1514-14 	153-154 153-134 153-134	144 144 138-138 128	142 <sub>1</sub> -141 <sub>2</sub> 141 <sub>4</sub> 141 <sub>6</sub> 141 <sub>6</sub>

bocal euthority and finance houses seven days' notice, others seven days' fixed. "Long-term local autherity mortgage as combasily three years 12\*-13\*- per cent; four years 12\*-13\*- per cent; five years 13\*-13\*- per cent. • Bank bill rates table are buying rates for prime peper. 2 styling rate to four-months bank bills 13\*- 13\*- per cent; four-months days bills 13\*- 13\*- per cent; four-months days per cent; four-months selling rate for one-month Treasury bills 13\*- 13\*- per cent; two-months 13\*- per cent; four-months selling rate for one-month treasury bills 14\*- per cent; two-months 13\*- 13\*- per cent; four-months 13\*- 13\*- per cent; four-months 13\*- 13\*- per cent; four-months 14\*- per c

MONEY RATES	
NEW YORK	21.5 3 23.00
7.24533 +2.25. Prime Rate Fed Funds Treasury Bills (13-week Treasury Bills (26-week	11.5.11. 10.5625 ) 6.92 ) 9.93
GERMANY	
Overnight Rater One month Six months	6.725 6.60 6.85
FRANCE	

more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the fornhcoming Board meetings (iodicated thus") bave bean officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per ceot shown in the column beaded "Announcement last year."

•	Oate .	ment last	Oate	ment last
Acmus	6.u.c. 7	year Finel 1.1564	Almanial IC- Library	year.
Airfix Inds	., MUB. 2	FINEL 1.1504	*Imperial GrpJuly 12	In1. 2.25
Alexanders	July 12	rinal 1.002	IncheapaJuly 27	final 9.0
	July 2	45	Initial Services July 21	Final 5.059
Allied	July 3	Int. 4.5	Jamea (John) Aup. 3	Final 1.591
	July 12	Final 1.117	LRC IntnlJuly 16	Final 1.53
Asseciated		Fillal Lite?	*Lloyde 6ankJuly 20	Int. 4.635
Cmunicths.	June 22	Finel 4.2137	*Magnet and	
Barcleys Bnk.	July 27	Ins 6 05	SouthemsJuly 17	Final 5.432
Bath and			Mayer	
Portland.	July 4	Int. 1.6	Montagus L.) July 17	Final 2.973
Birmid			Midland SnkJuly 28	Int. 8.5
Qualesst.	July 19	Int. 1.6	*NotWeet, July 24	Int. 5.682
British .			Rank OrgJuly 16 RaybeckJuly 12	Int. 4:0
Dredging.	July 10	Final nil	RaybeckJuly 12	Finer 2:3512
2utterfield			Rothmana .	
Harvey.	.∴Jely 21	Fmal 1.24	In1lJuly 14	
Charter .	1		*SG8July 3	In1. 2.75
Consd.,	July 4	Final 5.2784	Staffex IntlJuly 28	
Devy Corp	Joly 25	Final 7.425	*SienhouseAug. 23	Int. 1.825 🔒
Distillers	July 13	Final 4.5542 ·	Stock	
Dixona			CenversipnJuly 26	Final 1.0217
Photogrehc.	Aug. 2	Final 1.51	Taylor	
JOWLY	פו ענטייי	Finel 2.255	WoodrowJuly 25	
itch Lovell .	July 27	Fmal 2.812	Thorn Elec July 7	Final 9.0-
General	בו קוטנ	Final 3.35	Town & City	
· Electric.	Int. 0	Finel 2.045	PrepsJuly 14	Final D.01
Gestetner		Int 2.040	*Uninato :July 18	Final 2.105
Great		III. 2.120 .	Union To	
	July 20	Final 4.64	OiscountJuly 12	In1. 5.375
Haclemere		7 III 4.07	VanionaAug. 3	Int. 1,9955
E3:a.	July 20	Final 3.227 ·	VosporJuly 28 - Ward end	Int. 2.5
Hogg		•	GoldsigneJuly 21	Singl 2 672
Robinson		Finel 2 58	· ·	
loover	Aug. a	Int. 5.61	<ul> <li>Board meetings in the</li> </ul>	eled. TRights
lewden	July 12	Frnal 3.1543	rasus sinae mada. ‡ Tax	
Imp. Contati.			jaene žiuce wego ji	om rescives.
Gas.	July 3	5ec. Int. 5.806	1 Foreceal	

### BASE LENDING RATES

DAJE	4 1-1 A	DING MAILS
A.B.N. Bank	14 %	12 Hambros Bank 14 %
Allied Irish Banks L1d.	14 %	Hill Samuel
Amro Benk	14 0	C. Hoare & Co
Amro Bank American Express Bk.	14 %	Julian S. Hndee 15 %
A P Bank Ltd	14 %	Hongkong & Shanghai 14 %
Henry Ansbacher		Industrial Bk. nf Scot. 141%
Associates Cap. Cnrp		Keyser Ullmann 14 %
Banco de Bilhao		Knowsley & Co. Ltd 1S: %
Bank of Credit & Coce,		Lloyda Bank 14 %
Bank of Cyprus	14 %	London Mercantile 14 %
Bank of N.S.W.	14 %	Edward Manson & Co. 15 %
Banque Belge Ltd		Midland Bank 14 %
Banque du Rhone et de		Samuel Montagu 14 %
la Tamise S.A		Mnrgan Grenfell 14 %
Barelays Bank		National Westroinster 14 %
Bremar Holdings Ltd.		Norwich General Trust 14 %
Brit. Bank of Mld, East	14 .%	P. S. Refsoo & Co 14 %
Browo Shipley	14 %	Rossminster 14 %
Canada Perm'ı Trust		Ryl. Bk, Canada (Ldn.) 14 %
Cayzer Ltd		Schlesinger Limited 14 %
Cedar Holdings		E. S. Schwab 15 %
Charterhouse Japhet		Security Trust Co. Ltd. 1S %
Cheulartons		Sbenley Trust 16 %
C. E. Coates	14 %	Standard Chartered 14 %
Consolidated Credits	14 %	Trade Dev, Bank 14 %
Co-operative Bank		Trustee Savings Bank 14 %
Corlnthian Secs		Twentieth Century Bk. 18 %
Credii Lyoonais		United Bank of Kuwait 14 %
The Cyprus Popular Bk.		Whileaway Laidlaw 142%
Duncan Lawrie	14 %	Williams & Glyn's 14 %
Eagli Trust		Yorkshire Bank 14 %
Eoglish Transcont,		Members of the Accepting Hoyeas
First Nat. Fin. Corp		Committee.
First Nat. Secs. Ltd		7-day deposits 11½%. 1-menth deposits 11½%.
Aatony Gibbs	-	† 7-day deposits on sums of £10,000
Greyhound Guaranty		and under 1120, up to £25,000
Grindlays Baok		12% and over £25,000 12%.
Guinness Mahon		t Call deposits ever £1,000 11-7%;
Gaintiess wandi	7- 0	§ Demand deposits 1112%.

				<i>;</i> .	EQUI	TIES		-				
ssus Fics	do Up	Latest Renunc. Date	18	76	Stoc	:k	Closing Price p:	+ or	DIV. P. Or Amount	Times.	leid   Bid	P.E.
p:	₹£	760	Nigh	Low			<u> 5 - </u>		ā \$	<del>-</del> 8		L
60 566 ## 160	F.P. F.P.	11 <sub>1</sub> 7 22 <sub>7</sub> 6	61 76 66	61	B & Q (Retal HDeltight 1 Fulctum Inv Do. Capi	0р	73 611 <sub>2</sub>		2.46 bd5.0 4.0	2.2	3,0 6.2 11.6	7.2
160	F.P. F.P.		166.	176	StandardTe	La Cables	161	+ 14	<u>.=</u>	=	<u>=</u>	_
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Price	PA	580	High	Low	<u> </u>	500	-n			ة ا_	E	_
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			. 66	RIC	hts"	OFF	ERS	š				
WIC	55	Late		18'	76					B S	l	— - Dr

.lssuc PricD			1876		2tock	Closing prices pt	+ pr	
р:	₹0	6	7.	High	Low		5 4	
36 65 221 <sub>2</sub> 65 100 192 154 105 20 60 20 455 150 455 175 68		10.7 8.6 29.6 29.6 29.6 29.6 29.6 15.6 18.6 23.6 7.6	10/8 6/7 10/6 7/9 97/7 20/7 20/7 13/7 6/7 4/7 13/7	21 pm 6pm 51 58pm 142 45pm 171 3pm 121 60pm 434: 854 156 296 156 156 105 34 105 34 105 34 105 34 105	17pm 40 40 55pm 131 27pm 157 1pm 10112 40pm 29 81 270 142 465 131 210 62 7pm	Causton Sir (J.) Confury Oils Combined English Stores Edwards (Louis C.) Gesvor Tin Grand Metropolitan Hott Lloyd Inti Inti. Timbar MEPG McCorquodale Peterson Tennant Provincial Laundries Scotoros Simon Englineering Smurfil Lefferson Inti Standard Chartered Bank Tilling (Thomas: Tircentrol UOS. W.G.[	4pm 40 35pm 136 45pm 171 272pm 38 278 465 138 244 158 244 11pm	+4 +178 +5 +6 +4 -2 -10
80	F.P.	16/6	1317	2512	. 1712	Wceks Associates	1712	_ r <sub>2</sub>

Renucciation date usually last day for dealing free of stamp dury. b Figures based on prospectus estimate. a Assumed dividend and yield. a Forecast divident cover based on previous year's earnings. F Dividend and yield based on prospectue or other official estimates for 1979. Q Gross. T Figures essumed. Cover allows for operation of shales not now ranking for dividended or ranking only for restricted dividende. § Pleang price to public. pt Ponce unless otherwise indicated. I Isaued by tender. It offered to holders of ordinary sheets as a "rights." \*\* Isaued by way of capitalisation. §§ Reintroduced. If Isaued to connection with reergealization, marger or takeover. Iff Introduction. ☐ Isaued to former preference holders. § Allotment (otters to fully-eard). • Provisional or partly-paid ellotment fetters. ★ With warrants. †† Unifisted security. ‡‡ Isaued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

### INSURANCE BASE RATES

† Address shown under Insurance and Proporty Gond "	Table.
	21%
† Property Growth	114%

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314. index Guide as 81 June 28, 1279 Capital Fixed Interest Portfolio ...... Income Fixed Interest Portfolio

L G. Index Limited 01-331 3466.

29 Lament Road, London, SW10 0HS. Tax-free trading ou commodity futures. 2. The commodity intures market for the small investor.

CORAL INDEX: Close 469-474

# Hill Samuel Group Profits increased by 13 percent.

### Highlights from the Statement by the Chairman, Sir Kenneth Keith

Group profits, after tax but before exchange differences and extraordinary items, amounted to £7,729,000 - a rise of 13 per cent on last year. This was a satisfactory result, particularly against a background that was generally unhelpful to a financial services group.

- \* Merchant banking disclosed profits after tax increased by 17 per cent to £4,946,000.
- The bank maintained its leading position both in the merger and acquisition field and in the underwriting of rights issues,
- \* The banking subsidiaries overseas significantly improved their overall results.
- \* Noble Lowndes & Partners, the pension consultants, achieved an excellent performance with pre-tax profits rising to £2,280,000 from £1,784,000 - an increase of 28 per cent.
- ★ The investment management company is now the largest manager of self-invested pension funds in the UK. Total sums under management exceed £2 billion. After tax profits were up by 13 per cent to £1,132,000.
- \* Lowindes-Ajax Computer Service and Hill Samuel Registrars both increased their pre-tax profits by 50 per cent to £447,000 and £251,000 respectively.
- \* The Group's disclosed earnings per share were up to 12.05p from 11.63p last year.

### Results for the year to 51st March 1979 Sources of profit - after tax 1978 £000 Merchant Banking Banking\* 3,923 Investment Profits 387 299 4,222 Broking and Consulting Services 2,621 2,772 Life and Investment Management 1,132 998 Other Services 189 235 8,888 8,227 Interest on loans 1,375 Profit before exchange differences and extraordinary items 6,852. Exchange differences (1,219)1,729 Extraordinary items (1,970) Profit for the year (after tax, exchange differences and extraordinary 7,100 6,611 \* after transfer to reserve for contingencies

† excluding full taken to banking reserve for contingencies

Copies of the Report and Accounts containing the Chairman's Statement in full can be obtained from the Secretary:

Hill Samuel Group Limited 100 Wood Street London EC2P2AJ



# Group posts at **Schroders**

Mr. Dauiel Janssen has been executive duties but remain joint appointed a director of cheirmen of Clarence and Co. SCHRODERS. He is chief executive duties but remain joint cheirmen of Clarence and Co. (Manchester) Jane Sullivan and tive of the Belgian chemical company, UCB S.A., and also e director of Société Géoérale de Banque S.A. and a member of the European Advisary Council of Street, Northwich, Cheshire. the European Advisory Council of

the Ford Motor Company.
Mr. H. C. Blackie, Mr. D. J. and Mr. M. R. Melville have be-come directors of J. HENRY SCHRODER WAGG AND CO. Mr. A. D. Loehnis, who has been on will be returning to that company oo July 16 and will be reappointed a director. Mr. R. H. Beever, Lord Charles Cecil, Mr. R. Corber, the Earl of Euston, Mr. R. E. Hills, Mr. N. M. H. Jones, Mr. B. E. Marenbach, Mr. S. N. Roditi, Mr. S. C. Spellsr and Mr. R. E. Taylor have been made assistant directors of J. Heory Schroder Wagg. J. Henry Schroder Wagg.

Mr. Gordon Ranger has jnined the Board of J. AND J. MAY-BANK and will become managing director when Mr. James C. May-bank retires as chairman and chief executive at the end of October. Chairman of the company from that date will be Mr. Cyrll Warmington, denuly chairman of Reed Group. Reed International is the parent concern and Mr. Ranger has been general manager of the Aylesford Conversion Section of the group

BARING BROTHERS AND CO., has appointed Mr. F. A. A. Carn-wath and Mr. R. M. Shaw as directors, and Mr. A. D. Dentson as a manager. Mr. R. D. C. Mc-Alpine (60) and Mr. W. J. Smith Jr., who wishes to return to the U.S., retire as directors.

Mr. Devid Knight bas been appointed to the new post of group production controller of LAPORTE INDUSTRIES, based in London. He has been aucceeded by Mr. P. M. Jones es managing director, organics and oigments division. Dr. J. V. Bramley has been made divisional research and development manager, general chemicels divi-aion, a newly-created position in department, contred on Widnes. Dr. Bramley will oot take up the appointment of group research zod development controller and that post will oot be filled.

Mr. Nigel B. Pleuderleith has been appointed managing director of CLARENCE AND CO
(Manchester) and Mr. J. Milnes tor of CHESTER BARRIE has become factory manager. Mr. CLOTHES (Austio Red). He is R. D. A. Barcley and Mr. H. Sultran relinquish 20me of their of Rame.

Mr. C. D. Malmaeus has been Mr. H. C. Blackie, Mr. D. J. made assistent general manager, Challen, Mr. M. J. C. Ladenburg and Mr. M. R. Melville have be-London regional office, of TORONTO DOMINION BANK

A. D. Loehnis, who has been no secondment as 2 chief 2dviser et the Bank of England since 1977, will be returning to that company no July 16 and will be returning to the company no July 16 and will be return of REDLAND. Mr. Hichens and Mr. Hichens are not return of REDLAND. Mr. Hichens are not return of REDLAND. Mr. Hichens are not return of REDLAND.

Mr. Maurice Dumbrell and Dr. Keith A. J. Sugars have been appointed directors of TIOXIDE GROUP.

Mr. David M. Culver, president of ALCAN ALUMINIUM, has taken over the additional position of chief executive officer of the company succeeding Mr. Natha-nacl V. Davis, who retires after 32 years in that post but remaioa chairmen of the Board. Also retiring from active management at Alcan is Mr. Paul Leman, who relinquishes his position as vicechairmao but cootinues as a member of the Board. Mr. Culver joined the group in 1949 and has been president of Alcan Aluminium since 1977.

Sir Alex Jarratt. chairmae and chief executive of Reed Ioter-national, has been elected presi-deot of the ADVERTISING ASSOCIATION. He succeeds Lord Barnetson, chairman of United Newspepers who has been president since 1976.

The EDMAN GROUP has mads two appointments to its executive board. They are Mr. Tony Bull, managing director of the group's distribution division, Eros Malling, end Mr. Craig Nicholl, managing director of the letteries divisioo, Dickinson Lottery Systems.

Mr. Nicholas J. P. Sbeehan has joined the partnership of KNIGHT FRANK AND

# Hard year ahead for the underwriters

BY OUR INSURANCE CORRESPONDENT

Association's practice of holding (even growth in inflationary its AGM at the half-year means rather than real tarms) could that the annual review of its bring about a reppraisal, once members' trading for the previous calendar year can be

1978 difficult but, in retrospect, 1978 fire and accident income of over £1.67bn produced an overall profit of £2.5m, scarcely more than underwriting break- b25 ths contrary effect. eveo, while UK motor income uf £1.07bn produced 2 loss of £22.3m. If 1978 was poor, consider what the opening bad winter mouths will have dooe for the 1979 sccount.

Best estimates so far put the extra cost of commercial and domestic property weather damage claims at £30m more lban the 1978 figure, 2nd of moter claims, because of bad weather at m the £25m merce. weather, at up to £25m mere. In many parts of the country winler did not relax its grip until mid-April, so the other eight months of the year will have to be phenomeoally good tn provent the companies' general underwriting loss to

1979 from approaching £50m. On the motor side, the effect of increesing inflation on repair of iocreesing inflation on repair
costs and compensation awerds
might just be balanced by fewer
accidents, the result of less
motoring, owing to oll costs
But there can be no bope of
reduced claims on the property

aide; the fire incidence in com-marcial and household risks is relatively static, but crime losses iocrease.

Of course, all property losses are subject to growing inflatiooary pressure—for example, last May's estimated fire losses in Great Britain were a tenth higher than those for May, 1978. At home and abroad too may, 1978.
At home and abroad too may
insurers are chasing too little
property business. With little
growth io the UK economy,
competition for quality business continues as fierce 35 ever, with many substantial risks being written at ioadequate premiums. This is fine in the short term for commercial policy holders. but the dey will come when over-capacity will vanish end pricing reality return.

That day may perhaps come more quickly than some think,

for iosurance is highly lahourlotensive and the burden of ever-locreasing sperational costs wblcb is not contained by com-

High

257g

BRITISH Insurance pensating premium growth the 1979 results begin to emergs.

That, however, seems unlikely viewed in the light of known to be true elsewbere in the current-year trends. year earned over £1m-whether The British companies found one bas regard to property. with bright spots; but 1979
clearly has little going for it.

marine. aviation, or any commercial business. In the midclearly has little going for it. mercial business. In the mid-Take UK general business: in 1970s, the falling value of the pound enhanced the sterling equivalent of insurers' overseas trading, but now its rising value

> Partly because of continuing overseas compelition, partly because of exchange rates, the com-panies may not bring home in 1979 the £100m increase that they have achieved in the past two years.

> Britaio has around 6 per ceot of the world's geoeral trede, but British insurers—companies and Lloyd's underwriters logether heve about 10 per cent of the world's insurance business. It must be in the leng-term interests of insurers and of all British business to protect this abare from local and from over-competitive oppositioo alike.

> With the country's trading imhalance reduced by the insur-aoce contribution of £1bn in invisibles. it ill becomes any British international or multinational company to buy oco-British insurance, except where local laws require. If iosurance suffers the effect will be felt by the whole British economy.

V

1879 High | Low

TEL AVIV		
Company	Prices July 1 1979	Change on the week
Banking, Insurance, and Finance		<b></b> .
Bank Leum la Israel	395 467	+ 13.0 + 10.5
2ank Happalim Br	477	
Union By. of larged 2r.	423	+ 27.0
United Mizrahl Bank	278	+ 3.5 - 10.0
Hassneh Insurance 95.	326	- 10.0
General Mort, Bank Br.	339	÷ 5.0
"Telahot" Israel M. 2.	362	<b>— 18.5</b>
Land Development - Alrica Israel Inv. 1£15	1.080	- 46.0
Alrica Israel Inv. 1£15	215	- 27.0
Property and Bullding	454	+ 15.0
Public Utility		. ,
Israel Electric Corp	220	- 11.5
Investment Companies		
Zenk Lenmi Invest	363	+ 2.5
"Clai" Israel Invest	809	+ 20.5
Commercial and	. 335	T 20.5
Industrial		
Alliance Tire & Rubber	1.245	+ 40.5
Elco 9r	262	- 10.0
Amaman Textila Br	380	+ 15,5
"Ata" Textile "9"	158.5	- 2.S
Amer, larael Por, Milia	983	+ 13.5
Assis	560	- 3,0 + 15,0
FIRE	604	- 4.0
Teva Reg	004	-, 4.0
Delak	245	- 12.5
Source: Bank Loumi la		
Aviv.		

### Indices

NEW YORK \_new 10335

RET	10	<b>7.61.</b> –	- NO 1-							<u> </u>
				<del></del> -			1	19	Since Co	n Xliquit
	June 29	Junc 28	June 27	Ju nc 25	25 25	es Juse	High	Low	High	Low
	84 <b>[</b> ¥	843.04	840,52	657.55	5 <b>44.2</b> 5	649.15	675.72 (10.4)	\$27.98 (27,2)	(11/1/13)	
r o'nde	. 85 15	5.25	85.70	8ā,⊯	£5.55	55.45	25.30	10 S)	· - :	
Teansnort	242.28	242,89	241.52	239,52	240.25	241.56	295,64 12:20	27.2	273,88 (7.2,69) 163,32	(8/1/32)
Utilities	105.45	165.55	155,48	16.29 ,	105.?1	; ;	185.75 (1876)	\$6.51 (15.5)	(50/4/3)	
Trading vol	·	20 245	36.787.	34.94B	81,432	55,533	<b>-</b> .	_ `	)	

	Ind. 0	y, yield %	5.97	5.01	5.07	5,6	8 : -
		- colored DY	June 22	June 15	2 sunt	Year ago	(appro
-	♠ Day's higi	849,12 low 8	37.20		1.7.		
•		36,843 001446 6		· · .	· . • .		·

i	STANDARD	AND F	OORS				:	. 7	
				-		1979	SinceC'mpil't'n		
		29	28		. 25	32	22 ;		High Low
	:Indust is	114.14	115.6	113.40	112,75	115.22	115.54	116,69 107,9	8 134,64 3,53 (11/1/23) 30/6/32)
ı		109 01	109 8	107 27	181 68	HF 69	\$12.66	VAS 54 - 96 18	125.85 4.49

	1'_	!			(18/4).	51,5), (11110); (Nolse
		1	June 20	June 13	June 6	Year ago lepprox
d. div. yleld 🖔		٠ أ	5.30	5.24	· 5.28	5.07
d. P/E Ratio .		-:	7.91	7.98	7.92	9.11
or Gov. Bond	Yleid	— i	8.87	8.91	8.95	8.52

# June June June June 23 28 27 28 High Low

<u>58 3858,5858,01 57,67</u>	129:6)	(27)	<b>9</b>	nchang lew Hig lew Lov	ed 391	443 41
MONTREAL	1.00		Jung	- Netton		1979
	29		27		High	- Low
Industrial Combined	275, 18 275, 16	978,59 974,42	277.28 276,52	274.55 277.77	279.19 (29.6) - 275.15 (29.6)	279.19 (2.1 225.30 (2.1
TORONTO Composite	1618.4	1614.4	Jos Ce	1698.3	BBA (29/6)	Ta 15.8 (2/1)
TOHANNERBURG			ZOZ A	202.4	100 x /9540	978 & (17#

Financial Times Monday July 4 - Lata

June 29 June 20 June 8

Prices + or

10 6.7 -3 11 13 -13 9 5.5 +2 12 13 10 29 +4 10 33 -20 20 13

lestres Traded 1,871 1,876 Risse 747 875 Falis 756 580

: .	Industrial		08.1° 515.6 5	11.1 508.5 550.0 (23/5) 270.5 (2/1)
	June 22	Pre-	1979 1979 High Low	Jane Prev 1979 1975 29 lous High Low
		,	597,68 :545,72 (1943) (2/1) 108,09 98,80	Sundan (4) 351.8 358.47 401.36 348.8
meri	(** 84_28	84.53	(1076) ; (3/1) (1076) ; (3/1)	Switzerke(/) 511.8 506.7 529.1 234.
many	(11) : 85.7 (±1) 727.90	728.58	(15/2) 150.6 719.4 (16/1) (1:6)	Dec. 1953. 35 Amsterdem Industria 1970. 11 Heng Seng Bank 31,7/5 Ill Banca Commercials Hallaria 1973
· · · · -	(5) TE.9		85.9 TL 3 (24/1) (7/6) 568.90 493.83	e Tokyo New SE 4/1/65. b Straft Times 1966. c Clessel. d Maded 29/12/78. e Stockholm Industrial 1/1 '5' f Buriss Bank Corporation, u Uesvai

Trueng (2) 727.90 728.58 530.5 719.4 (167.1) (	Dec. 1953. SS Amsterdam dedostrial 1970. 18 Heng Seep Benk 31/1/54. Ill Bance Commerciale Hallana 1972. e Tokyo New SE 4/1/68. b Strans Times 1966. c Classed. d Madid St 29/12/78. e Stockholm Industrial 1/1/54. f Beriss Bank Corporation, u Uesvail- able.
pan (a) 445.54 448.58 462.57 435.22 (3) 110/49 (4) 178.46 5/6.58 404.15 346.54	FRIDAY'S ACTIVE STOCKS Clienge Stocks Cleaning on
ndices and base dates (all base uses 100 except NYSE All Common—Standards and Poors—10; and conto 300—1,000; the last named sed on 1975). Excluding bands.	NLT SDI SED 354 +2M Continental IIII 365 000 384 - 3

Auchi Glass ...

Komatsu 259
Kubota 259
Mitsubishi Bank 340
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Mitsubishi Bank 340
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Toray \_\_\_\_\_ Toshiba Corp.\_\_ Toyota Motor.\_\_

BRAZIL

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Roynelds (R.J.)... Rich'son Merrell.

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Creditanstalt.

LUKUPE		, -
AMSTERDAM	BRUSSELS/LUXEMBOURG	SPAIN .
June 28 Fis. — % %		June 29 Asiend
Ahold (FL20)	Arbed. 2,310 +25  Bekzert 8 2,500 -10 130 5.6  C.B.R. Cement. 1,100 -55 100 9.5  C.C.R. Cement. 1,100 -55 100 9.5  C.C.R. Cement. 1,100 -55 100 9.5  EBES 2,173 -16 177 8.0  Bectrobel 5,870 +20 485 6.6  Fabrique Nat. 3,655a -70 250 9.8  G.B. Inno Bm. 2,395 +15 170 6.4  Cevaert. 1,220 -2 85 7.0  GSL (Brux L) 1,750 -10 90 2.1  Belobken 2,865 -5 170 5.9  Hoboken 3,865 -5 170 5.9  Hotoken 3,865 -5 170 5.9  Kredletbank 7,070 350 4.8  Kredletbank 7,070 350 5.0  Pan Heidings 3,030 22.85 5.0  Pan Heidings 3,030 22.85 2.5  Pan Heidings 3,030 22.85 6.5  Pan Heidings 3,030 22.85 6.5  Soc Gen Sanque 5,215 +5 820 6.7  Soc. Cen. Belge 2,005 -6 140 6.9  Sofina 8,495 +10 225 6.7  Sole Solina 2,700 +50 A2.10 7.8	
OGEM (Ft.10]	Traction Elect 2,755 —5 185 5.2 UCB 1,462 —68 — 1,462 —68 40 4.7 Vielle M'ntagne 1,730 —5 — 40 4.7 COPENHAGEN 4 Price + er Div. Yid. June 29 Kroner — 2 3 3	Petroleos
Tekyo Pac Nics9 131.3 80.86 C. Inilever (Fl.20). 125.9 + 1.3 44.8 7.0 // King Res 55.3 + 0.3 \$0.20 0.0	B Andelsbanken 15212	June 28 K
TRING TOM	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	ACA AC IVE ACO

+er Div. Yld

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Andelsbanken 15212 212 Danske Bank 1201c 12 East Asiatic Do. 12014 54 Finansbanken 152 + 1 19 For Papir 108 Handelsbank 15512 12 Nord Kabel 173 + 14 Collefabrik 15512 14 Collefabrik 15512 16 Collefabrik 15512 17 Collefabrik 15512 12 Collefabrik 15512 12 Collefabrik 15512 12 Collefabrik 15512 12 Collefabrik 15512 13 Collefabrik 15512 13 Collefabrik 15512 15 Collefa	COPENHAGE	4 4			
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	Danske Bank East Aslatic Do. Finansbanken. 9 ryggarlet: For Papir Handelsbank 0 Nthn H (Kr90) Nord Kabel Hovolnd stries B Ollefabrik Privatbank 20ph. Berensen 50ph. Berensen.	12012 12014 152 301 108 12512 173 20812 13314 13512 509120	-54 +1 -19 +14 -14	12 10 19 12 12 12 12 13 12 13 12 12	
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Bayer-Hypo......Bayer-Hypo...... Bay. Vereinsbk... Commerzbank...

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Andelsbanken Danske Bank	12012		7.9 10.0 8.3	June 29	Price. Kronor	+ or	Div. Kr.	Yld.
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9ryggarier	301 -12	1.2	4.0	Alfa Leval(Kr.50	1124	+0.5	8	7.6
Fer Papir			1	ABEA(Kr.50)	75	+3	5.8	
Handelsbank			2.2	Atlas Cop. Kr25		+1	0,0	7.0
0 Nthn H (Kr90)	512	12	3.2	Billerud		Įį.	5 -	4.5
Nord Kabel	173 +4		7.0 4.8	Carde			5.75	3.6
HovoInd'stries B	20812 14	10	4.5	Callulosa	-233ml		11	4.7
Ollefabrik	1314		9.9	Elec lux B (Krb(			2.25	6.0
Privatbank			8.8	Erigsson 2 (Kr50			6.5	
Soph.Berensen.		12	3.9				5.5	3.8
Superies	13012 + 12	12	8.1	Essette (Free)	106	74	4	3.9
Dupai ideaa.	200-21-12			Oranges (Free)				-
	<u> </u>	<del>' : .</del>		Handelsbanken			18.5	5.7
GERMANY +				Marabou			9	-5.2
				Ma Och Domaio	99.5		2,50	.3.2
	Price + or			Sandvik '2'Kriff	210ml		6.50	
June 22	OM	. %	1%	S.K.F. '8' Kr.50		+1 .	4,6	7.9
		1	1	Skand Enskilda			9	7.0
150	49.2-0.8	i	1	Tandetik B(Kr50		,	5	8.0
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Allianz Versich.	121 -1	19	4.7	Yolvo (Kr 50)	. 73_	大1_	7	9.6
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S.K.F. 8' Kr.50 674 +1 4.6 7.9	Pelentrial Dol. 1 70 . 0 050 05 5 41
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	Tumover: Cr.127.7m. Volume 99 5m.
SWITZERLAND 6	Turnover: Cr. 127,771, Volume 39.5m.
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Aluminium	
9BC 'A' 1.820 +60 10 2.7	Hong Kong 4 June 29 June 22
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NeffmanPtCort. 75,250 + 1900 1109 1.5	Cross Harbour Tunnel , 8:80 8:70
Do. Small 7.625  +75  110   1.6	E. Asia Navigation 5.15 5.20 - Hang Seng Bank 75.50 75.50
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Nestle IFr. 100) 5,550 +35 x215 2.5	Hg. Kg. Kowloon Wharf - 35.00
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	Hutchison Whampon 4.59 . 4.50
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Sulzer Ct.F.100) 355 +3 14 5.7	Jardine.Secs 7.50 7.15
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For	JOHANNESBURG MINES
-	June 29 Rand +or-
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8.51	Barlow Rand 5.65 -0.05 CNA Investments 2.40
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8,11-	McCathy Redway 0.58 -0.02 RedBank -0.70
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### WALL STREET

<b>NEW</b>	/ YC	RK		HI2h	979 Low	Stock	June June
197 High	Low	Stock	June. az	4018	3159	Control Data	3914
56	501g	Alabott Labs	541 <sub>9</sub>	581 <sub>2</sub> 751 <sub>2</sub>	H-Dan	KOOODET IDAUS	543¢
2419	131 <sub>8</sub>	AM international	1412	541 <sub>5</sub> 327 <sub>8</sub>	4863 2519	Corning Glass CPO Int'rnation'i Crane Co Crooker Neti	521g
303	21 235g	Adobe Oil & Gas. Antria Life & Ca	3514 5238	505 4113	245 <sub>4</sub>	Grooker Neti Grown Zellerb'h.	3054 361₂
3 1 3 3 3 5 6 1	2334 3312	Air Products	3078 5412	3636	3314	Cummins Engine	35 14 15 18
555g 201g	461g 157g	AlcoaAlleg. Ludium	5138 1712	1638 2258		Certiss Wright	
1736 3534	151 <sub>2</sub> 281 <sub>9</sub>	Ailegheny Power Ailed Chemical	17 351 <sub>2</sub>	45 327g	521g	Dant Industries Doer a	451 <sub>4</sub> 397 <sub>8</sub>
2312	21	Allied Stores	2478 55	153a	1 93a	Deltona	. 12 %
3512 57	29 37 8	Allie Chaimers	4118	1736 1334	145 <sub>4</sub> 135 <sub>4</sub>	Dentsply Int Detroit Edison	153 <sub>4</sub> 143 <sub>4</sub>
4814	251 <sub>2</sub> 101 <sub>8</sub>	Amerada Hess		23 144	918	Diamond 2hmrk	1134
5954 4158	4814 521 <sub>2</sub>	Amer. 9rznds Amer. 9roade'st.	694 4136	571s 415s	601g	Olgital Equip Olsney (Walt)	5534 3378
5236	35 2468	Amer. Can	52 29	523g 295g	41 2478	Dower Corp'n	523g
2756 27	214	Amer. Cyanamid Amer. Oist, Tel Amer. Elect. Pow	2119	30 453g	2378 5568	Orovo	295a
26 5618	1618 9918	Amer. Express	218 6418	49	413	Oresser	1274
3014	2472 2434	Amer. HemeProd! Amer. Medical	2718	24 8g	195g 71g	Eagle-Picher Eastern Airlines . Eastman Kodak	713
415	46g 56	Amer. Modical Amer. Motors Amer. Nat. Ros	65g 403g	563 <sub>4</sub> 594 <sub>8</sub>	657g 3434	Eastman Kodak	671 <sub>8</sub> 663 <sub>8</sub>
518a 5634	397g 513g	AMAR. STARGETO	513g 6614	6412	e74	E. G. & O	3578
8434	57 2978	Amer. Stores Amer. Tel. & Tel Ametek	6772 6638	255g 50½	151 <sub>2</sub> 245 <sub>8</sub>	El Paso Nat, Gas.	2038 5012
19	15 203	AMF	16 5518	3858 2173	3254 1758	EmersonElectric EmeryAirFreight	203s
3212 1634 5072	1413	Ampex Anchor Hocking-	1672 1714	673 <sub>8</sub>	. 00	E MRAIT	3659
874	1678 2259	Anheuser Busch-	2212	695e 27:4	285q 24	Engelherd	6678 6678
265 <sub>8</sub>	195 <sub>8</sub>	A.S.A	915 <sub>4</sub> 263 <sub>6</sub>	281		EthylExxen	975e 5578
1778   203e	131g		17 19%	66 331 <sub>8</sub>	( 29	.FairchildCamera.	65 %
4478 6758	643 <sub>6</sub> 56	Ashlend Oil At. Richfield	4114 9719	16%	19	Fed.Ilept. Steres Firestone Tire	1272
345e	2812	Auto Data Pro	621 <sub>2</sub> 10	1954 2958	2512	First Chicago Fst. Nat. Boston . Flexi Van	10 291 <sub>2</sub>
25	127s 4634	Avco	9318 4714	16% 39	263g	Fintkete	575a
553e 437s	2512	Baker Inti	4254 645 <sub>1</sub>	525g	963 <sub>4</sub> 325 <sub>8</sub>	Floride Power	511g 511g
26 2678		Balt. Gas Elect Bangor Punta	25	28	2254	F.M.C	2652
2678 4956	24 63	Bank America Bankers Tr. N.Y.	267a 4154	4514 6234	40 194	Ford Motor Foremost Mak	661 <sup>8</sup>
35½   9¾	241 <sub>2</sub> 75 <sub>9</sub>	Barber Oil Basic Resources	712	321 <sub>2</sub> 91 <sub>4</sub>	30 63 <sub>8</sub>	Franklin Mint	85%
4378 2378	557g 601g	Saxter Trevenol. Seatrice Fcods.	4236 6114	50 39	623 <sub>4</sub> 265 <sub>8</sub>	Freeport Mineral	3014
35% 1772	5112 1454	Beet n Olck'nson' Bell & Howell	5572 17	124	a a	Fuqua Inda	
401	3612	Sendix Senguet Cons '8	6212	131a 445a	105g	GA.F. Gannett Gelco	1112 4439
2434	181g	Bethiellem Steol Black & Decker	2114	30 1114	947g Blg	Oen- Amer. Iny	LUIS
621s	58 22	Boeing Boise Cascade	4012 8438	507g	241 <sub>2</sub>	G.A.T.X	684
2714	2458 654	Borg Warner	251s 62	605a 363 <sub>4</sub>	46 2819	Gen. Electric	50 614
1414 ee	105s 16 4	9raniff Inti	12% 20%	29 5078	2418 5488	General Mills, General Motors.	25 26ig
44 6914	3214 1718	Bristoi Myers	5214	193 <sub>6</sub> 321 <sub>2</sub>	91 <sub>2</sub>	Gen. Signel	3113
12 15%	151g 121 <sub>2</sub>	Brit. Pet ADR Brockway Gless. 2runswick	157g	2576	2312	Ben. Tel. Elect  Gen. Tire	2414
2212 663	191 <sub>2</sub> 331 <sub>2</sub>	Bugyrus Erle 9urlington Athn. Burrough	221 <sub>2</sub> 5634	612 3014	2554	Genesco	2718
78 35-4	641 <sub>2</sub> 327 <sub>5</sub>	Burrough Campbell Soup	7059	3912 5014	975; 3512	Georgia Pacific Ceosource Getty Oli	501 <sub>4</sub>
295g	1954 10			263 <sub>6</sub> 121 <sub>4</sub>	255g	Gillette 0.KTechnologies	2412
16 28	23 104	Canadien rachio Canadion Carrier & Gener. Carter Hawley Caterpillar Tract	2758 111g	203 <sub>8</sub>	1756	Goodrich B. F Goodyear Tire	193 <sub>4</sub> 157 <sub>8</sub>
184	1460	Carter Hawley	1614	181 <sub>4</sub> 223 <sub>4</sub>	2578	GOLIG	26
613 <sub>4</sub> 551 <sub>2</sub>	554 444			294 94	2558 E12		29 73 <sub>1</sub>
484	40 144	Celanese Corpn- Central & S-W	<del>գգ</del> ոլ 157g	2278 1514	2134 115g	Griatian Peo Tea Cri, North Iron Greyhound Cuif & Western Guif Oll	25 ig 15 3g
.1758	1514	Certainteedi	1612	1214 2750	14 e3	Greyhound	1458 273a
26	151 <sub>2</sub> 203 <sub>4</sub>	Cessne Aircraft Champion Inter .	643 <sub>6</sub>	78 ° 5934	691 <sub>2</sub>	Halliburton	3514
38% 404	50 374	Champion Inter . Ch'ee Manhattan Chemical Bk. NY	404	2434 3514	1139	Harrischfeger Harris Corpu,	245
231 <sub>2</sub> 301 <sub>8</sub>	2114	Chesakr'sh Bandi	225.	4172	69 .	Heinz N. J	\$BIe
5614	4512	Cheseie System Chleage Bridge Chrysier	5614 912	514	-	Neubials	-
40	30 625g	Citicorn	9510	99. 2078	1514	Hewlett Packard Holiday Inns Homestake	1268
. 75	5318 14	Citicorp	7258	353, 757,	1 04	CODEVWEIL	
17 mg	1712	Cleveland Cliff	2914	195s 327s	1 2619	Hosp-Corp. Amer	15
· 46 · 19 ·	6612 1578	Colgato Palm	1578	5014 1214	1 233.	Manadan Mak Cas	COL
. 104a . 287a	251 <sub>4</sub>	(Columbia Gas	2250	1938	154	Nunt (Ph.Al Chm Hutton (E.F.) I.G. Industries	1714
. 287g 25	191g	Columbia Pict	23	284 4678	393g	INA	4634
203 <sub>4</sub> 447 <sub>8</sub>	164 325	Com-InsCo-of Am Combustion Eng- Combustion Eq.	4413	63 40	1 7/	undersali Kana	2 0 7d
1254 1254	93g 221g	C'm'wth Edison .	1268 2334	1612		Inland Steel	
481g 483g	355g 285g	C'm'wth Edison . Campugraphie . Comm. Satallite	363g 433g	201 <sub>8</sub> 243 <sub>8</sub>	751g	ithi. Flavour	7319
1338	101 <sub>2</sub> 551 <sub>9</sub>	ComputerScience Conn Lile Ins	12 32	42 49	3478 383	Inti. Harvester	3214
174	133a 211a	Conrac	1434 2410	211 <sub>2</sub> e13 <sub>4</sub>	1810 1834	inti. Multifoods	1268
245s 42 25	211g 665g	Comm. Satellite ComputerScienc Conn Lile Ins Conrac Con. Edison NY Consol Foods Consol Nat. Cas Consumer Power CentinentaiOr'up ContinentaiOf	251s 42	4714 1438	3834	Inti, Min & Chem Inti, Multifoods Inco	446g
25 20	193 <sub>4</sub> 647	Consumer Power	221 <sub>2</sub>	993 <sub>4</sub>	101 <sub>2</sub> 27	Inti. Tel & Tel	391
38 g 16 4	2859	Continental Oll	381 <sub>8</sub>		177a 11118	lowa Beef IU international. Jim Waiter	
. 10.4	T-4-38	Cenunental Tele	1049	3 <b>ð</b> 1g	253	Jim <b>Waiter</b>	85 jg

<u> </u>	42	581	4548	Cooper Indus	5434	7714	5712	Johnson Jahnson	7134
-1	541 <sub>9</sub>	751 <sub>2</sub> 541 <sub>5</sub>	5214 4863	Cooper Indus Corning Glass CPO Int'rnation'i	6754 5310	3162   3558	25 2934	Jehnson Control. Joy Manufacturg	25 344
4	141 <sub>2</sub> 351 <sub>4</sub>	327g	2519	Crane Co	2212	277g (	203	K. Mart.	2612
4	5258	505€	2454	Crane Co Crooker Neti Crown Zellarb h.	<b>30</b> 53	2114	1712	Kaiser Alumini'm/	1834
7	307g	411 <sub>3</sub> 363 <sub>6</sub>	3314	Cumming Engine	***	3778	204	Kalser Industries Kalser Steel	34
4	541 <sub>2</sub> 513 <sub>8</sub>	16%	1512	Curtiss Wright	1518	1734	124	Kaneb Services.	1758
1	1712	2258	261g	Dena	274	1638	184	Kay	15
r	17	45	521g	Dena	4514	251 <sub>2</sub> 563 <sub>8</sub>	21 464	Kerr McGoe	2234 5478
ď	351 <sub>2</sub> 247 <sub>8</sub>	327g	534	Doer a	397g	5134	22	Kidde Walter	805g
1	55	155g 1	958 145 <sub>4</sub>	Dentsply Int	155	4234	435g	Kidde Walter Kimberley Clark	4514
	4118	1334	15%	Detroit Edison	1434	2534 4832	123e	Kepper e	25%
"Į	4412	23	124			205g I	12	Kraft	1278
-!	1078 694	144 5718	918 6018	DiGiergie Corpn.	113 <sub>4</sub> 55 <sub>4</sub>	227g	194	Lessoway Trans	2012
	4136	4158	56	Digital Equip Olsney (Wait)	3370	5534 2834	39 18 24 12	Levi Strauss Libby Ow. Ford,	427g 277g
٠į	52	523g 295g	41 247s	Dover Corp'n Dow Chemical	52%	E0-4	24.8		
리	29 211 <sub>9</sub>	30	2378	Oravo	295a	52	525g	Liggett Oroup	5514
r	21.5g	4538	556g	Oresser Oupont	45 åg	561s 2958	47 12 1978	Lilly (Ell)	9234
	6418	49 245a	413 <sub>6</sub> 195g	Eagle-Picher	1274	2878	1934	Lockh'ed Aircrit	36
ď	2718	E19	718	Eastern Afrilines.	713	e518	e118	Lone Star Ind'sts	
ï	63g	663g	657g	Eastern Airlines. Eastman Kodak	6715	19 ¼ 56 ¾	164 264	Long isl'nd Ltg.	59 M
٠Ì	403	596g	3434	Eaton	-	4914	42	Louisiana Land	463,
٠,	513g 6614	6410	<b>e74</b>	E. G. & O	3578	17	141g 107g	Lucky Steres MacMillan	1614
	6772	255g   50½	151 <sub>2</sub> 245 <sub>8</sub>	El Paso Nat. Gas.	203g 501g	9014 384	35	Macy R.N	5910
٠Į	663 <sub>0</sub>	3858	3234	Emerson Electric	56	354	6114	Mfrs. Hanover!	55 t <sub>2</sub>
1	551g	2173	T.A.38	:Emeryair-reighti	#U3e	351g 4014	2534 5434	Marathon Oil	3518 59
.,	1672	673e	36 2	Emhart	365g 61g	19	14	Marine Midland	19
H	2212	695g	2859	Engelherd	6678	2014	1558	Marshal Field	1736
'1	9154	27:4	24	Engelherd	<b>26</b> 78	6834	594	Marsh McLenn'n	6238
	263	2814 54	4834	Exxen	975g 557g	2712	2234	May Copt. Stores	2712
٠.'	17	66	29	FairchildCamera	653a	45	3712		
۰	19% 41%	331g	29	Exten. FairchildCamera: Fed. Bept. Steres Firestone Tire First Chicago Fet. Nat. Boston. Flexi Van Finitkete	2258	2216	167g	MCA	12 lg
-1	9712	16¾ 19¾	164	Firestone Tire	16	3634 554	253,	McConnell Doug.	2478 6454
ď	6212	2938	251g	Fet. Nat. Boston .	291g	3814	071	Mamaray	71 la
1	16 9318	16%	1414	Flexi Van	144	7158	951g	Merrill Lynch	671g
7	4714	39 525a	963 <sub>4</sub>	Floride Power	511e	20 5854	165 525a	Mesa Fetroleum.	63%
ij	4254 6451	511	325g	Floride Power	5112	. 2612	2018	Mesa Fetroleum. MGM	2112
;	25	28	2254	F.M.C	2650	6518 6314	565g 6614	Minn Ming & Mtg	5636
ŀ	267a	4514	40	F.M.CFord MotorForemost MckFoxboroFranklin Mint	4258	623	4634	Mobil Corpn Monsanto Morgan IJ. P. )	6012
1	414 661 <sub>2</sub>	6234 3212	194 30	Foremost Mck	901g	4854	4318	Mergan IJ. P. I	4814
٩	712	914	636	Franklin Mint	853	4814 5036	39 406 <sub>8</sub>	Motorola Marphy Oll	603g
H	423 <sub>6</sub> 611 <sub>4</sub>	50	0234	LLEGANOLI WINGLER	-20g	25 le i	2236	Nabisco	2272
m'	5572	39 124	265s	Fruchauf	3614	541s 206s	254	Naice Chemicals National Can	663 <sub>6</sub>
	17	131a }	1058			. 50-20 1	10-4	Hermital Cell	204
B	6212	4458	297	Gannett	44.2-	2359	1854	Nat. Bistillers Nat. Service Ind.,	26
X	2114	30	-947g	G-BICO	2038	19- 331 <sub>2</sub>	144 2878	National Steel	167a
	2236	1114   507g	2412	G-A-T-X	1018 303	49	4014	Mothers	as
-	4012 543a	343	. 2e -	Oan Dynamics	684	7112	695g	NCR	6612
	251g	505a 3634	46 2819	Gen. Electric Gen. Foods Ceneral Mills	50 61%	263a / 364	204 34	New England C.	344 347s
٠.	62 12%	29	341g			163	15 lg	Niagara Mohawk	134
3	201	5078	548	Ganeral Motora.	265g	1114 2418	67	Niagara Share, N. L. Industries	11 283.
•	5214	193 <sub>6</sub> 321 <sub>2</sub>	62 62	Gen. Pub Util Gen. Signel Ben. Tel. Elect Gen. Tire	3112	2512	217g	Horfolk & West'ni	e619
٠	2712 1576	508	271s	Ben. Tel. Elect	2718	461g 263g	6858 2101	North Nat. Gas Nthn. States Pwr.	4612
	1 55a	25 Tg 612	231 <sub>2</sub> 41 <sub>8</sub>	Genesco	410	5534	2514	Nthwest Airlines	2714
••	2212	3014	254	Georgia Pacific	2718	264	25 la	Ntnw'st Bancorp	25 Se
1.		3912	975	Ceosource	55	1718 24	145 155	Narton 2imon Occident'i Petroi	15
••	3334			Getty Oll		244	19	Onilve Mather !	10
c	2212	263 <sub>6</sub> 121 <sub>4</sub>	2558	O.KTechnologies	2412	1.415	143a	Ohlo Edison	1534
_	163a 275a	203 <sub>8</sub>	175	Goodrich B. F.	1934	251 <sub>8</sub> i	174	Inium ************************************	29%
r.	1119	1als	1673	Goodrich B. F	157g	61 (	2078	Overseas Ship I	ZO4-
•	10.4	223	2018	. WOLLIG ALTERNATION	. ZO	2834	243.	Overseas Ship Owens Corning Owens Illinois Pacific Gas	251g
t	653a 5014	294a 91g	2558 612	Orace W.R Grt.AtlanPec Toa	29 73,	21 (	1738	Owens Illinois	1914
1	443	2276	2154	Crt. North Iron	25.0	25 27 <sub>2</sub>	215g 201g	Pacific Lighting.	23 227g
-	157g	151g	1.15g	Greyhound Cuif & Western Guif Oil	153	221g	12	Pac Pwr. & Lto.	205g
_	1612	121 <sub>4</sub> 275 <sub>9</sub>	14 ez	Gulf Oll.	271	94	5.	Pac. Pwr. & Ltg Pan Am World Air	57g
~	151 <sub>2</sub> 643 <sub>6</sub>	7a -	<b>e</b> ₽12	Hallburton Kanna Mining	57	88 241 <sub>2</sub>	19	Parker Hannifin. Pashody Inti	001-
п	3914	5934	3058	Kanna Mining	3514	21	187g	Penn. Pwr.& Lto	22 lg 12 le
Y	3914 4014	2434 3514	255	Harris Corne	243	54	29	Penn. Pwr.& Ltg. Penney IJ. C.)	227g
đ	2234 96:8	4178	69 .	Harrischfeger Harris Corpn Heinz N. J	\$B16	344 415a	ALIA 201	Pennwait	32
••	5614	5112	2562	sieidusM.	261 <sub>8</sub>	11%	2 4	Pennwait	11

COW	Stock	44	usgn	
25	Johns Manville	2458	59	377
571 <sub>2</sub>	Johnson Jahnson Jahnson Control.	713 <sub>4</sub> 25	39% 594	241 5et
2934	Joy Manufacture	344	31	127
203a	K. Mart	261 <sub>2</sub> 183 <sub>4</sub>	401g	25 281
171g	Kaiser Industries	9	78	544
204 124	Kalser Steel	34 175a	125	95
134	Kaneb Services.	15	1578	131
21	Kannocott	2234	303g 46	346
464 22	Kerr McGee Kidde Walter	547g 505g	524	214
4380	Kimberley Clark	4514	364 4318	251s
123e 4514	Kepper e	255¢ .	8	51/2
12	Kraft	1278	858 1654	436
194	Kroger Co Leaseway Trans.	2012	76	423
3918 2412	Levi Strauss Libby Ow. Ferd,	427g	293g 125g	161
_			21	123
525g	Liggett Oroup Lilly (Ell)	24.54	et4	81
1978	PICTOR TIGUSTUGS	9236	3636	163
1934 e11s	Lockh od Aircrit Lone Star Ind'sta	26	641g	235g
			<b>e2</b> 4	197
264 42	Louisiana Land	59 46 463,	4814	243
141e		1614	4256	187
107g 35	MacMillan	1712 5918	275g 395g	16 % 28 %
6114	Mfrs. Hanover	5519	1478	94
2634 5434	Marathon Oil	5518 59	245g	127;
14	Marine Midland.		574	5012 2313
1558 <b>59</b> 54	Marshal Field	173 <sub>6</sub> 623 <sub>8</sub>	714	34
28-4	Marsu weraun u	ФДЗВ	445 <sub>6</sub> 274	52 4 22 7
2234	May Copt. Stores	2712	177g	1219
371 <sub>2</sub> 161 <sub>8</sub>	MCA	45 121 <sub>8</sub>	591g 341g	275g
20	:McConnall Doug.	2479	671	
2534 674	McGraw Hill	6454 31 18	2814	221
9516	Marck.	671g	893s 50	223e
1036	marrill Lyngn	1718 63%	494	393
525a 2018	Mesa Fetroleum.	2112	5736	2139
565g	Minn Ming & Mtg	563e	223g	221 <sub>2</sub> 341 <sub>4</sub>
6614 4634	Monsanto	6012	6636	43%
431 <sub>8</sub> 39	MGM	4514	69 615	2978 1978
406g	Marphy Oll	603g	91 425 <sub>8</sub>	19%
2236 2514	Nabisco	227 <sub>2</sub> 663 <sub>6</sub>	523g	171g
	Naice Chemicals National Can	204	521 <sub>8</sub> 9768	364
1854	Mad Tieblican	26	9014	16%
144	Nat. Distillers Nat. Service ind.,	1678	381 <sub>2</sub> 345 <sub>6</sub>	193 <sub>6</sub>
2878 4038	National Steel	6 e 5 g	1510	10
695g	Notomas	48 661 <sub>2</sub>	574 1661 <sub>2</sub>	521 <sub>0</sub>
204 34	New England E.	661 <sub>2</sub> 221 <sub>4</sub> 347 <sub>8</sub>	634	4
15 lg	NCR	134	<b>34</b> 1a	
50 67	Niagara Share,	11 253	133 <sub>8</sub>   875 <sub>8</sub>	63 <sub>8</sub>
217a	N. L. Industries Horfolk & West'n	6615	9914	1519
6858 2101	North Nat. Gas Nthn. States Pwr	461-	50 921 <sub>2</sub>	
2514	Nthwest Airliner	2714	451a	245
25 is 145	NtDw'st Bancorn	25 to	2214 5034	19 653
155	Narton 2lmon Occident'i Petroi	ē214	6614	921
19 143a	Occident'i Petroi Ogilvy Mether Ohio Edison	12	625g 221 <sub>4</sub>	41 19
174	Dir	153 <sub>4</sub> 295 <sub>8</sub>	181	16
			2953 541a	
2078 243 <u>-</u>	Overseas Ship Owens Corning	3054 951	304	20
173a		251g 1914	504 6018	167g 3334
215g 20ig	Perito Fac	92	193,	155
12	Pacific Lighting. Pac. Pwr. & Ltg.	227g 205g		41
5	Pan Am World Air Parker Hannifin	578	4258	295
18	'Deshody Intl. (	991-	46 1214	50 157 <sub>0</sub>
107g	Penn. Pwr.& Ltg.	121g	513e	23
29 31 la	Penn. Pwr.& Ltg. Penney IJ. C.) Pennwalt	227g	214	17
<b>603 14</b>		32 415a	244 <sub>0</sub> 531 <sub>3</sub>	151 <sub>2</sub> 403 <sub>4</sub>
2 316g	Peoples Orug Peoples Gas	11 . 5572		
22	Pepsice	2536	451 <sub>2</sub> 151 <sub>2</sub> 50	54
		·	1512	916
251 <sub>2</sub> 291 <sub>4</sub>	Perkin Elmer	293 <sub>4</sub> 306 <sub>8</sub>	59 6978	
207	PrizerPhaips Podge	247g	214	514
- 50 .B	Cultandibulg Fig.	7276	1131	25
			3e ' ¦	<b>65%</b>
5214	Phillips Petro'm.	324	3034 6519	211g 20
2208	LITUOA-POMSE ""	274 256	251g	214
101s	Plessey Ltd ADR	225g	4158 594	56 4 207
		-	1378	12
121-	Polaroid	315g 13	2888 2518	24 12 g
233,	PPG Industries Procter Camble	295g	5734	25.8
761	Procter Camble	7572	265e	·215a
2013.	Pub. Serv. Elec Pullman	61 54 85 54	5818 8054	254 27
145	Purax	17	32	241g
167 <u>e</u>	Purax	237g 163 <sub>4</sub>	574 24	244 1518
427g	Raytheon	485a	203a	1658
2114	Papublic Steel	251 <sub>4</sub> 267 <sub>8</sub>	32 21 4	241 <sub>2</sub> 184
6018	Resorte Inti	403	2712	167 <b>e</b>
			•	•

404	L SAIR	RORM & HARS	3912	
78	1 544	Royal Butch	7234	1 2
1256	95g	RTE	1034	8
1578 3038	1318	Ross Togs	101g 204	9
46	346g	Safeway Stores	37.	
524	213	St. Jee Minerals.	3112	€
364 431g	251g 291g	St. Regis Paper	5114 4178	_
9	1 512	Santa Fe Inds Saul Invest	734	1
858	436	ASSESSED THUS AND ADDRESS OF THE PERSON OF T		
164	4234	Schiltz Brewing Schlumberger,	.12	4
76 293 <sub>8</sub>	1618	5CM	28.3a	5
1258	1234	ECOTT PADOL	165a	2
21 e14	1754 918	Scovil Mrg Scudder Oue Cap	195 <sub>8</sub>	4552225
				5
363 <sub>6</sub> 641 <sub>8</sub>	2358	Sea Containers	19 315g	
15% 624	105a	Seagram		9
65 14	19 Tg	Zears Roebuck	194	
484	2439	Shell Oil	2834 4012	' 1 1
ZZ3.	1878	Shell Oil	5614	1
2758 395a	165g 283e			3
1470	814	Signode Corp., 5Implicity Pat	1173	3 6
245a	127:	Singer	1514	3
574	501 <sub>2</sub> 231 <sub>2</sub>	.amith inter	553e 451 <sub>2</sub>	5
71	314	2mith Kline Solitron	57e	14
445.	524	Southdown	433, 254	1
274 1778	22 18 12 12	Southern Cal.Ed.	1314	_
5915	, 275g	Southern Not Res	39	2
341g	23	Southern Pacific	601g	ï
•	, 62	Southern Railw'y		1 2 1
2814 893s	2214	Southlend	294 623	1
50	236 1618	2 w't Sancshare Epstry Nutch	14	,1 '6
494	39%	Sperry Rand	4576	'6
5736 2239	2212	Standard Brand.	61 lg 26 8	4 5 6
504	344	Std.Oll California	48	ĕ
6636	43%	Std. Oil Indiana	653,	2
e9 e15 <sub>6</sub>	2978 1978	Std. Oil Bhis Stauff Chemical.	5e 2014	2
91 425 <sub>8</sub>	1934	Sterling Drug	164	7
425g	1718	Storage Technicy Studebaker Wer.	191 <sub>8</sub>	_
523e 521e	6418 3648	Sun Co	965a 361a	9
976	10	Sundstrand	2758	ż
9014 3812	16% 19%	Super Valu Store Syntex	191 <sub>8</sub>	1
3450	1956	Tandy Dorpn	. 215g	4
1512	10	Technicolor	1612	91 22 14 62 37 14 32
574 1661 <sub>2</sub>	521 <sub>2</sub> 571 <sub>4</sub>	Tektronix Teledyna	52 166 1 <sub>2</sub>	3
634	4	Telex	412	í
3418		Tenneco	34 la	4
133 <sub>8</sub> 275 <sub>8</sub>	53 <sub>8</sub>	Texaco		3
9914	151g	Texas Eastern	2414	-
50 921 <sub>2</sub>	32 e15g	Texas Eastern	60	1
4513	245	Toron Oll & A	901 <sub>2</sub>	1 2 2 4 2
224	19		161	2
5034 6614	6534 921s	Times Inc.	395; 223g	4
625e	41	Timken	5250	2
224	19	Trane Tran. America	21-9	1
1814 2952	10	Tran. America	19	5
54 La	28	Tran, Union		ā
304	20	I CANSWAY INTO	200	e 6
50 4 601	167g 3334	Translater.	10.38	2
6618 1934	155g	Travelers Tri-Continentai	5914 1712	4
812	419	Triton Oil & Gas.	812	ĭ
425	29 tg			2
46	50 .	20th Century Fave	TQ	_
1214 513e	157g 23	Tyler	1513	9
214	17	IIGI	247s 20	6 2 4
24 <i>t</i> a	1512		001.	3
5313 6438	4054 5718	Unilever NV	511-	1 2
	1 -	CHINESES HA	<b>52</b> 1 <sub>2</sub>	3
4512	54	Union Carbids.,	91	1
151 <sub>2</sub> 59	91g 224	UnionDommarce Union Oil Calif	15	4
	5112	Union Pacific	ã83g 68‰	ī
214	514			-
1134	254	United arands	51¢	_ :
3e .	<b>653</b> 6	US SEUCOLD	<b>e</b> 6	3
3034 651 <sub>9</sub>	211g	US Shoe	204	1
251g	214		2018 2153	<b>.</b>
4156	564		37 L	30
594 137 <sub>8</sub>	2076	UV Industries Virginia Elect	2112	4.
2888	12 24	Wagraen	1278 253a	7
251g	12 g	Wallace-Murray	26 L	2
3734	82	Marinet-Commun.	65ig	. 1
265g   531g	·215g 254	Warner-Lambert	2418	2
3052	27	Waste-Man ment	321g 291 <sub>2</sub>	1
32	241g	Western Namer	52 2	4
574	244	Western M.Ame-	661-	7

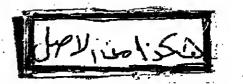
112	CA	NADA	Dyckerhoffze't. Gutehoffnung
178 734	1978		Hapag Lloyd Harpener
5 °	4613	578 Agnico Eagle 713 3759 Alcan Aluminium 4012	Hecchst
4	3012	264 Algema Steel 294	Herton
85a 65a	5a 275a	4812 Asbestos	Keli und Salz
9 <i>5</i> g 913	2319	22 Bank NovaScotia e33	Kauthof
8,3	503g	2078 Bell Telephone 2134 2034 Bow Valley Ind 2278	1 KHT
1 5g	2914	eou :97 Canada 2849	Krupp OM.100.
41g 914	65 3 <sub>8</sub>	1272 2rascan 2512	Lo'brau OM.100'1,
834 019	16 144	1834 Cam 110 Mines 1518	M.A.H.,
51 <u>4</u>	1439	ala Can. NW Land 1412	Manneemann Metailges
53g 25g	224 363	17 Can. Perm. Mort 203, 253a Can.Imp.Bk.Com 6534	Munchener Rck
17s 514	64 343	201s Canada Indust 241a	Preuss'eOM 100
53e 51 <sub>2</sub>	53	esta Can Pacific Inv., 55	Schering
57g	147 61 <sub>2</sub>	71 Can. 2uper Oil 137 4.70 Carling O'Xeefe. 612 212 Cassiar Asbastos, 1258	Siemens
33, 554	15	212 Cassiar Asbestos, 1258	Thyssen A.G
314	27	14 Chieftain 254	VertaVEBA
Dlg	42 143 <sub>6</sub>	3134 Dominso	Verains&Wist8k Volkswagen
61¢ 94	2478 1136	5 37 Coseka Pagourge 91e	MILAN
234	17	11 Costalin 1612	
4 57g	163 <sub>8</sub> 60-4	2012 Denison Mines 503	June 29
l ig 5:g	49 lg 51 lg	24 Doms Mines 45 24 Doms Petroleum 485s	ANIC
134 534	671 <sub>4</sub> 29	50 Dominion 9rides 3712 23 Domtar 2812	Bastogi2.
8	2572	15 is Dupont 25 is	Piat
D14 534	68 <sup>3</sup> 4 74	6214 Faicon ge Nickel 67 6772 Ford Motor Can. 7054	Finsider
1 lg 55a	<b>64</b> 18		Mediobanco 3
5la	1314	es GiantYeil'wknife 11	Montedison 1, Olivetti Priv 1, Pirelli & Co 1.
738 918	23 14	36 Ouil Oilof Canada 614 912 Newker Sid. Can. 1636	Pirelli & Co 1. Pirelli EpA
5 15g	44 681 <sub>2</sub>	384 Hollinger	Snia Viscosa
51 <sub>2</sub> 2	2458 3634	194 Hudson Bay Mng. 2012 1078 Nudson's Bay 2848	
512	7612	554 Nudson Oll & Gas . 7612	OSLO
1 1g	197 <sub>2</sub> 44! <sub>2</sub>	67   imasco(Com.Stk) 4514	June 29 K
5 763	38 <sup>5</sup> 4	231 <sub>2</sub> imperial Oil 591 <sub>2</sub> 193 <sub>8</sub> inco	Bergen Bank
14			Sorregaard Creditbank
DI <sub>2</sub>	16 15	121 <sub>2</sub>  Indal	Kosmos
56 21;	207 <sub>2</sub> 253 <sub>4</sub>	16 to Int. Pine 1 (ne   204	Kreditkassen Nersk HydroKre
95 <sub>3</sub>	4,96 263g	16 Kalser Resource. 253, 4.10 Loblaw Com. '8' 4.16 22 McMill n Bloed I. 253s	Storebrand
Zág	212	5-4 Marks & Spericor: 3	PARIS
1-9 9	16 561 <sub>2</sub>	24 MasseyFerguson 14-34	June 29
77 <u>e</u> 57g	823 <u>4</u> 6.50	55% Moore Coron 377	
534	621 <sub>2</sub>	3754 Noranda Mines. 5154	Rente 4:1 Afrique Occ d't
95g 914	2714 485a	17 Norcen Energy 9514.	Air Liquide
712	404	361s Nth. Telecom 4514 263s Numac Oil & Gas 3814	BIC
ا <sub>2</sub> ئۇر	13% 2,15	4,50 Oakwood Petr'm 16% 1,25 PacificCopper M 1.25	Bouygues B.S.N. Gervais
3 7 512	60	381a (Pan ConRetrol m. 59	Carrefour 1
17g	2512	12 Patino	C.I.T. Alcatel 1.
354			Cie. Bancaire
12 212	145a	10% Power Corp's 13%	Cr'dit C'm.Fr'ca Creusot Loire
	307 <sub>8</sub>	1618 Ranger Oil 3014	Oumez
? 5	40	3112 Rio Aigom	Fr. Petroles
is <sub>8</sub>	425s 174	394 Royal Bk. of Can. 418	Imetal
328 SIe			Jacques Borel
112	23 <sub>4</sub> 381 <sub>8</sub>	21 <sub>2</sub> 'Sceptre Rox'urca 2 3254   Seagram	L'OrealI.
i 14 <sub>8</sub>	2678	164 Shell Canada 657s	
)1 <sub>B</sub>	11 <sup>5</sup> 4 3.40	32% Seagram	Michalin "B",
52 4	301 <sub>2</sub> 4,55	277s Steel of Canada 227s 3.66 Steep Rock Iron 4.05	Mouilnex Nord (Cie du)
1g	143	912 Tack Corpn. B'. 1534	Paribas
i Sa	72 23 <sup>5</sup> 4	214 Toronto Dom. 8k. 28 -	Pernod Ricard
الق الفات	2416 12	1712 TransCanPipeLn 2572 834 TransMount Pipe 104	PaugeotOitroen 4
18	25	11 is  Trizec	Pocialn
18 12	117g 113g	85g Union Ces	Redoute
l ile	4534	30% Walker Hiram 45 112 West Coast Trans 2214 Weston (Geo.) 245	6t. Gobein
78 134	155g 28	2214 Weston (Geo.) 2456	Skis Rossignol1.6
134		a a secured 4 Did 's Traded'	Telemecanique !
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CURRENT INTERNATIONAL BOND ISSUES

INTERNATIONAL BONDS

BY FRANCIS GHILES

# Investors take leave of absence

A seven month period during which the dollar was not felt to be sentously under threat has to be serrously under intentions come to an end but nobady quite agrees what will happen next, either to the dollar or to the Dentsche Mark. Howevar aix new dollar tends were un nounced last week. At least two were put off tast Eriday evening as rumours that Libya would as rumours that Libya would circiail oil shipments spread-

through the market.

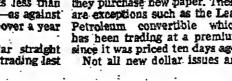
Earlier in the week dealers World Bank was well received had bried to pash prices up and Prices in the DE sector were so get the Eurobond market to further sustained by the follow the upward trend of the small new issue calendar for New York market. But then DM paper agreed by the German New York market. But then DM paper agreed by the German were to no avail By Capital Markets Sub-Committee its mentile meeting last to a trickle with many dealers week. Only two issues will be feeling that had they tried to footed during the next three move prices at all, the only way weeks, one of which (for Brazil) these could have moved was will attract Carmen invectors down.

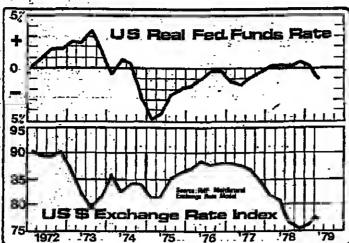
sis among London and Euro has also performed well with pean based houses that sterling foreign buyers well to the fore, is an excellent bet in the Quite apart from the currency immediate future. The feeling appreciation that paper yields

an average of 1 point. The recent FFI issue moved up to 9711 from 90171 the day before.

The cimples of currency uncertainty have not led to any large selling of dollar denominated bunds yet, but money continues to flow back into the Dautsche Mark and Swiss franc sectors where seasoned issues have posted further gains

because of tax advantages. The German domestic bond market





week are standing at steep dis-badly received. The grey counts. The last six to start market quote for the \$50m trading are quoted at average Dome Petroleum changed as the

While it was institutional investors when morning by Friday evening this

ficial Corporation includes 8 93 per cent coupon for eight years

and is fully underwritten by the

managers.

The secondary market in floating rate note issues was quieter last week than the week before with prices well maintained. Even those issues the coupons of which have recently heen adjusted—at a lower level because interest rates have fallen since the end of last year. ere holding up well, in the face of the thenry that when interest rates fall investors turo from floating rate instruments to fixed rate investments.

The FRN for the Royal Bank of Scotland was quoted at 98#-1 last week, ae was the issue for Indosuez.

Though the first is considered by investors a hetter quality name, the managers had offered only a celling group discount discounts of 2.14 per cent, well week wore on. While it was of 1½ points to underwriters, over the average selling group being quoted at a discount of as opposed to the 1½ points discount of 1½ points given to 2½-2½ points on Thursday count offered on the Indosuez of 11 points to underwriters.

### Amount Maturity Av. life Coupon Price U.S. DOLLARS Salomon **IGTE** Finance IC Industries Paribas, Merrill Lynch 1989 Banque Ext. d'Algerie Dillon Read SLPC Int. Finance Kidder Peabods Nippon Credit Bank Morgan Stanley -1986 1989 Smith Barney, Harris Up. tindosuez Indosuez 1986/94 ItReyal Bank of Scotland Merrill Lynch White Weld 9.86 Morgan Stanley Dillon Read, 18) Int. 1986 1991 Carter Hawley Hale B.45 2009 1986 1991 Soc. Générale, Salomon tNacional Financiera Daiwa, S. G. Warburg 103/91 **ITECSC** 11.97 Dome Petroleum Morgan Stanley 10.07 ttscanon Inc. 1994 1984 Australian Res. Dev. Swiss Bk Corp. (Luxem) Beneficial Over. Fin. Blyth Eastman Dillon 9.75 D-MARKS 1989 \*htter-Amer. Dev. Bk. DG Bank World Bank Deutsche Bank 1991 7.75 **5WISS FRANCS** Swiss Bank Corp. Argentina 1\*\* Ryobi 1\*\* Fekisui Pre. 1984 1984 1984 Crédit Suisse 4.17 UBS Crédit Suisse SAfics Corp. Nordic Bank Ltd. Mordfinanz-Bank City of Bergen 1\*\* Kao Soap 1991 1984 Crédit Suisse Swiss Bank Corp. 4.425 1 \*\* §Taiyo Yuden 1984

1986/91 \* Not yet priced. ‡ Final terms. \*\* Placement, † Floating rate note. © Minimum. § Corw †† Registered with U.S. Securities and Exchange Commission. || Inprional fixed rate. • 1 \$80m registered with Japanese Ministry of Finance.

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U.S. DOLLAR

### BY NICHOLAS COLCHESTER | U.S. BONDS

# Footing another oil bill

MORGAN GUARANTY Trist's MORGAN GUARANTY Trust's on manufactured goods, agricul-economic department estimates fural products and invisibles has that the U.S. oil import bill for exceeded the bank's expectapared with \$42bn last year and with the figure of \$54bn which the same bank was predicting only five weeks ago. This gives some indication of the dispact on the US trade balance of the reserve OPEC decision. recent OPEC decision.

If this decision is the last year. word on oil prices this year it, will already mean that the average oil price in 1979 is at per cent up on that for 1978. It is on this rather frail assumption that the \$60bn figure. Is

Yet despite this formidable increase Morgan Guaranty's pre-dictions for the U.S. trade and current account deficits in 1979. have aftered relatively little as a result of last week's news an 73110m entrent account deficit (\$160m deficit in 1978). and a \$30bn trade deficit com-pared with \$64bn. They remain unscalhed because the improvement to the U.S. trade balance.

In manufactured goods, for instance, the U.S. trade balance has averaged a \$5bn annual rate of surplus in the first five months of this year, set against sn annual rate of deficit of \$10hn in the same period of last

In the agricultural sector firm prices for wheat and soya have led to an annual rate of surplus in the first five months of Silbn compared with \$8.5bn over the equivalent part of 1978. Morgan Guaranty believes that, taken together, and coupled with an improvement on invisibles, these comulative totals are evidence of a significant change in the non-oil trade position of the U.S. Yet it is fair to add that the recent, swing in the erialic pattern of monthly trade statistics has been a swing in the wrong direction.

The key question concerns

decision reinforce the recent international investore towards rise. the dollar? High nominal interest rates and the prospect of a slow-down in the U.S. economy leading to reduced inflation and deficit, helped attract over \$30bn of private capital into the

dollar during the first half of rates.

this year. In recent weeks poor inflatinn figures and diswars being asked persistently in appointing trade figures have 1978, but the reasons for asking made it seem as though the impending recession is arriving without the advantages which ahould logically accompany it. The rise in European interest rates- offering substantial real returns—has not helped the dollar either.

Here, Mr. Rimmer de Vries, Morgan Guaranty's chief economist, feels that the U.S.

the affect of the OPEC decision of energy and inflation," be says. on capital flows. Will this The latter problem requires tighter money, particularly if deterioration in the attitude of European rates continue to

The question, aays Mr. de Vries, is whether Washington will use a rise in interest rates to prevent a run on the dollar or wait until a run on the dollar prompts it to put up interest

it have shifted comewhat. The perceived problems then were a higher rate of growth relative to other countries. The problem of relative

growth has since evaporated, if the latest reports of an actual decline in U.S. output in the second quarter arn to be be the new issue markets contras-lieved. The deficit and inflation ted with a more mixed performare now oil-powered and Mr. de Vries is worried that the deter-Government's response to the mination of the U.S. Government OPEC challenge is crucial to face up to this fact will not "They must really show determent the self-restraint in other "They must really show determined the self-restraint in other argue that there is scope for period these hopes have sparked between 25 and 50 hasis points, minating to head off the probein major economies.

Last week preliminary Com-

# Stronger signs of recession

UNDETERRED by news of widened trade deficit and a 13 for example, drawe attention to per cent annual rate of consumer price inflation last month, the New York hand markets tive of a "more constructive" showed further strength last market outlook, week in spite of the renewed But others w weakness of the dollar on the foreign exchange markets,

Several new large corporate issues were eagnrly snapped up' hy investors and traded at premiums over their issue prices while the \$1.5hn of new 15-year Treasury Bonds sold on Wednesday were floated at an average yield of 8.81 per cent, the lowest yield on such an issue since September of last year and comfortably below the yield dealers had anticipated last Monday.

But these signs of strength in the new issue markets contrasance in the trading room;, particularly towards the end of the week.

Many observers continue to

weeks. Chase Manhattan Bank. the huild up in dealers' positions in recent weeks as indica-

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But others wonder whether prices have begun to run ahead of events and question whether the economic projection; which have spurred bond prices upwards since the beginning of May will unfold as smoothly as the optimists in the market have assumed.

The raily was sparked by evithat the economy was weakening and it has been fuelled subsequently by each new piece of economic data which could be Interpreted as supporting the thesis that the U.S. was on the Thn verge of a recession. been that as economic growth slowed in the latter half of the year, credit demands and the

inflation rate would ease. Over the past eight-week

honds come down from around ing a possible 2.4 ppr cent 9.26 per cent in the first week decline in real gross national nf May to nearer 8.80 per cent product in the second quarter at the end of last week according to estimates by New York inforcing the recessionists arguinvestment bankers Salomon ment. Even the charp increase Brothers. Seven-year bond yields have fallen from 9.38 per ceot to 8.72 per cent and yields on long dated triple-A rated corporate utility bonds have fallen from 9.85 per cent to 9.35 per cent.

Sbort term money market dence at the heginning of May rates, spurred by the hope that peak in short yields has been hit for the current economic cycle, have also declined, although with the exception of Treasury hills, rate: have still fallen slightly less than in the long bond market. Whereas one assumption of the market has minth Treasury bill rates have outcome which would leave no declined from 9.85 per cent to 8.90 per cent over this period, one and three month commerdeposit rates are down only

eeen yielde on 30-year Treasury merce Department data sugges in OPEC prices wae Interpreted as favourable to the bond market on the grounde that the impact this would have on inflation would he morn than offset by the depressing effect of rising fuel price; and shortages on economic activity in the U.S.

S. G. Warburg

Kredietbank Luxem

The forecast of a recession leading to an easing of inflationary pressures and falling interest rates in coming months is still not universally Some continue to argue that the outlook is for "stagfiation," an room for further falls in bond yields and which might result and three month commer io a reversal of the recent paper and certificate of rally. Others suggest that the recent weakness of the economic data reflects shart term energy Last week preliminary Com- problems.

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Justo 3- 86 DM 1/78 1154 814 824 + 0. 34.35 Kansat Elec. 4 84 DM 1/78 1350 871 884 - 0.2 23.69 Kansat Elec. 4 84 DM 4/78 1350 871 884 - 0.2 23.69 Kanlshirotu 3- 85 DM 1/78 612 33 884 404 19.60 Mendal Food 3- DM 2/78 1033 791 797 0 38.47 Merata M. 3- 88 DM 11/78 854 654 884 + 24 14.94 Nippon Yan. 3- 85 DM 1/78 251 1252 252 - 0.2 - 1.79 Niesen Diasi. 3- 86 DM 2/79 477 882 883 0 7.40 Olymp. Opt. 3- 85 DM 2/78 733 934 884 + 17 4.01 Stanley Esc. 3- 87 DM 2/78 887 889 905 + 0. 18.12 Stanley Esc. 3- 87 DM 2/78 822 + 0. 45.65
Justo 3- 86 DM 1/78 1154 814 824 + 0. 34.35 Kansat Elec. 4 84 DM 1/78 1350 871 884 - 0.2 23.69 Kansat Elec. 4 84 DM 4/78 1350 871 884 - 0.2 23.69 Kanlshirotu 3- 85 DM 1/78 612 33 884 404 19.60 Mendal Food 3- DM 2/78 1033 791 797 0 38.47 Merata M. 3- 88 DM 11/78 854 654 884 + 24 14.94 Nippon Yan. 3- 85 DM 1/78 251 1252 252 - 0.2 - 1.79 Niesen Diasi. 3- 86 DM 2/79 477 882 883 0 7.40 Olymp. Opt. 3- 85 DM 2/78 733 934 884 + 17 4.01 Stanley Esc. 3- 87 DM 2/78 887 889 905 + 0. 18.12 Stanley Esc. 3- 87 DM 2/78 822 + 0. 45.65
Kanssi Elec. 4 88 DM: 4/79 1830 8/1 881 - 101 23.69 18.60 Meridal Food 31- DM 2/78 1833 781 872 401 19.60 Meridal Food 31- DM 2/78 1833 781 781 0 35.47 Meirata M. 31- 88 DM 11/78 854 651 881 272 14.39 Niecen Diesi. 31- 86 DM 2/79 477 881 881 881 12.79 10.79
Kanishiroku 37, 85 DM 7/73, 912, 834, 842, 404, 19.60 Mendal Food 37, DM 2/73, 1033, 79, 73%, 0 35.47 Mendal Food 37, DM 17/78 854, 654, 854, +24, 14.34 Nippon Yan. 37, 85 DM 1/79, 251, 1254, 1254, -004, -1.79 Nicean Diasi, 37, 86 DM 2/79, 477, 887, 887, 0 7.40 Olymp. Opt. 37, 85 DM 2/79, 487, 887, 897, 907, +04, 18.18 Stahley Elec. 37, 0M,11/78, 475, 50, 904, +04, 45,66 Taken Fig. 34, 87, 0M, 4/79, 475, 50, 904, +04, 34,67
Menidal Food 3½ DM 1/73 1033 75% 75% 0 35.47 Meirata M. 3½ 88 DM 11/78 854 55% 85% 4 2% 14.34 Mispon Yan. 3½ 85 DM 1/78 251 125% 125% -0½ -1.79 Niesen Diest. 3½ 85 DM 2/79 477 85% 85% 0 7.40 Olymp. Opt. 3½ 85 IM 2/78 763 93½ 54% +1½ 4.01 Stanley Eac. 3½ 65% 11/78. 657 85% 50% +0½ 18.12 Stanley Eac. 3½ 67 UN 1/78. 657 50 50% +0½ 45.65
Nippon Yan. 32, 85 DM 1/78 271 1254 1254 - D3, -1.78 Nicean Dissi, 32, 85 DM 2/78 477 887, 887, 97, 0 7, 40 Olympi, Opt. 32, 88 DM 2/78 703 934, 944, +17, 4.01 Sharo Con. 32, 88 DM 2/78 487, 883, 905, +04, 18.18 Stabley Esc. 37, 0M11/78. 487, 837, 905, +04, 45,65 Taken Fig. 34, 87 DM 4/78 475, 50 906, +04, 34,67
Nieean Diagi, 34, 85 OM 2/79 477 887, 887, 0 7.40 Olymp. Opt. 37, 85 DM 2/78 763 934, 944, +17, 4.01 Share Con. 32, 83 DM 2/78 763 934, 944, +17, 4.01 Stahley Elec. 37, DM11/78. 623 1674, 832, +07, 45,66 50 90, +07, 47, 47, 47, 47, 47, 47, 47, 47, 47, 4
Olymp. Opt. 32 85 IM 2/78 403 592 594 +104 4.01 Shero Con. 32 83 IM 2/78 487 893 994 +094 18.18 Stabiley Elec. 32 0M11/78. 623 1672 509 +094 45.66 Talum Flag. 32 87 0M 4/78 475 50 905 +094 34.67
Stanley Elec. 32 87 0M 4/79 475 90 904 +02 34.81
Telem Fler. 34, 87 DM 4/79 4/6 SU SUL TUE 34.07
W.L. 12 C. 3 Se THA APPR AND ROL ROL 17 58
19170 LD. GD: 400 LD: 400 THE TOL CO: 401 THE
Tris-Kewd. 32 86 DM11/78 711 794 803 -04 39.38

		Mediu	m tam	Long	10000
Juns	28	95.35	8.67	89,39	9.44
June	22	95.29	8.69	89.34	8.45
High	*78_	25.75	(1/2)	89.98	(30/1)
Low	79	94.40	(11/1)	88.67	(2E/2)
				VOVER	

1.751.1 Other bonds

 No information\_available— - previous day's price.

† Only one market maker supplied a price. STRAIGHT BONDS: The yield

is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES:
Denominated in dollars unless
otherwise indicated. M=Minimum conpon. C.dte=Date next
coupon becomes effective. Spread
= Margin above six month offered rate for U.S. dollars. Ccpn= The current coupon. Cyld=The current yield.

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg. day = Change on day. Chv. date = First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond own the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by Krediet-hank NV: Credit Commercial de France; Credit Lyonneis; E. F. Hutton Services SARL; Com-mersbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationaln Luxembourg: Krediet Bank Luxembourg: Algemene Bank Nederland NV Pierson. Hnidring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust Inter-national; Bondwade; Banque Française de Credit Inter-national; Citicorp Infernational Bank: Daiwa Europe NV: Deltec Overseas Corporation, EBC;
First Chicago; Goldman Sachs
International Corporation; Hambros Bank; IBJ International;
Kidder Peabody International;
Merrill Lynch; Morgan Stanley Trading Company: Dillon Read International; Neshitt Thomson; Salomon Brothers International: Samuel Montagu and Co.: Scandinavian Bank: Strauss Turnhull and Co.: Sumitomo Finance International-S C. Warburg and

Co., Wood Gundy. Clasing Prices on June 29

### These securities having been sold, this announcement appears as a matter of record only.



# Banque Nationale de Paris

Kuwaiti Dinars 10,000,000

7½ per cent. Bonds due 1989

Issue price 100 per cent.

Kuwait Investment Company (S.A.K.)

Banque Nationale de Paris

National Bank of Abu Dhabi

Banque Arabe et Internationale d'Investissement (B.A.I.L.)

Libyan Arab Foreign Bank Tripoli, Libya

. Manufacturers Hanover Limited The National Commercial Bank (Saudi Arabia)

Salomon Brothers International

Abu Dhabi Investment Company A. E. Ames & Co. The Arab and Morgan Grenfell Finance Company Limited B.A.I.I. (Middle East) Inc. Bank of Bahrain and Kuwait B.S.C. - Kuwait Branch Bank of Helsinki Ltd. Banque de Paris et des Pays-Bas (Bahruin Offshore Branch) Banque Worms Bayerische Vereinsbank International Societé Anonyme Bergen Bank Blyth Eastman Dillon & Co. International Limited Burgan Bank S.A.K. - Kuwait. Citicoro International Group Copenhagen Handelsbank Den Danske Bank af 1871 Aktieselskab Den norske Creditbank

Genossenschaftlichn Zentralbank AG

Vienna

Goldman Sachs International Corp. The Gulf Bank K.S.C. The Industrial Bank of Kuwait K.S.C. International Financial Advisers K.S.C. Kansallis-Osake-Pankki Kleinwort Benson (Middle East) E.C. Kuwait Financial Centre S.A.K. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Finance Company S.A.K. 'KIFCO' Kuwait International Investment Co. s.a.k. Kuwait Pacific Finance Company Limited The National Bank of Kuwait S.A.K. Osterreichische Länderbank Riyad Bank Ltd. Skandinaviska Enskilda Banken Skopbank Société Générale (Bahrain Branch) UBAN-Arah Japanese Finance Limited

WEEK'S FINANCIAL DIARY

for the purpose of considering dividends and efficial indications are not always available whether dividends concerned are inferious or finals. The sub-divisions shown below are based mainly on last

year's timetable.

COMPANY MEETINGS.

Caseviand. 2.30

Ranting Patroleum. Services. 1(8-127.

Park Lank. W. 12.13

Ranting Papers. Hoyard Hotel.

Temple Place. WC. 11.36

Fichles (William). Middland Hotel. Pater.

St. Manchester, 12.30

jenses. Hoster, The Tower Hotel, E. 12.30

Aberdeer County 3,144a Alginete Indu 9,5377a Alginete Indu 9,5377a Alginete 1,42575p Amagamantal Metal 5,4pcP1,2,7pc Pf, 2,1pc

The following is a record of the principal business and fluencial engagements during the week. The Board meetings are mainly

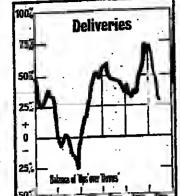
# FT Monthly Survey of Business Opinion

### GENERAL OUTLOOK **Budget boosts confidence**

well received by the business community, although most companies tended to emphasise that it would have no great impact on their own operations. A typical reaction from one finance director was: "There will he much more freedom to manage but it will not bave a great impact oo our husiness.

Last month's survey included new interviews with companies in the noo-electrical engineering, chemical and oil and shipping and transport-conoected sectors, who were last covered in February.

There was a sharp improve- ment in the level of optimism months:



over both the prospects for the UK economy and the general business outlook. The key factor was the change

in Government. There was a widespread feeling that while the going would be hard over the next 12 mooths or so, the long-term prospects were good.

The engineering chemical and oil sectors were less inclined to report increased deliveries over the past four months, so the deliveries index continued the downward treod started at the beginning of the year. There was a similar downward pattern in export expectations for the next 12

GENERAL	BUSINESS

	4 1	HOURING	MOAINE.		Eng.		Shipping
tre you more or less optimistic about our company's prospects than yoo were	Mar June	Feb May	jan Apr. %	Dec- Mar- %	(non- elect.)	%	Transport
our months 220 !		40	37	31	46	43_	94
More optimistic	41	<del></del>		35	46	.: 59	4
Neutral	. 40 .		<del></del>	34	2		
Less optimistic	19	29	35	34			

### EXPORT PROSPECTS (Weighted by exports)

	<del></del>	4 .	BOUCKIY I	MOAIRE -			Jen	<del> </del>	
i		Marc	Feb	jan	Dec-	Eng. (non-	Chem.	Shipping &	:
į	Over the next 12 months exports will be:	june %	May %	Apr.	%	% %	* Oib	Transport	
•	Over the next 12 months experience	49	-61	- 57	61	34	11	27	
t	Same	34		34	38	33	18_	23	÷.
3	Lower	16	16	9 ,	9	10	•		-

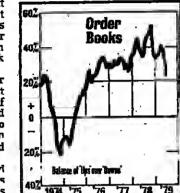
### ORDERS AND OUTPUT

### **Demand levels off**

THERE WERE clear signs that the pick up in demand evident in the two previous surveys is now levelling off. The lodex for new orders, which had risen in April and May, fell hack slightly in Juoe.

The index coverioz order hooks continued the fall that started last month as a result of companies in the chemical and oil sector being less inclined to say they expected gains than they had when last interviewed

in February. The index covering expected turnover in the next 12 months also continued last month's decline. Although the engineer-



Ing and shipping and transport sectors expected greater increases in turnover, this was more than halanced by a drop in expectations in the chemical and oil sector.

The median expected increase therefore fell from 6.9 to 6.3 per cent and there was also a decline in the excess of companies expecting an increase over those expecting a drep.

Companies said they did not expect the Budget to have much effect oo their turnover, although one or two said the firm pound could have a depressing effect.

NEW ORDERS		4:	monthly	moving i	totaš		June 197	
The trend of new orders	in the last	Mar- june %	Feb- May	Jan Apr. %	Dec- Mar. %	Eng. (non- elect.)	Chem.	Shipping & Transport %
months was:	Üp	56	61	59	20	47	50	. 14
	Same	16	18	33	14	28	15	
	Down	11	-13	15	35	17		
t	No answer	17	8	13	21	8	. 35	86

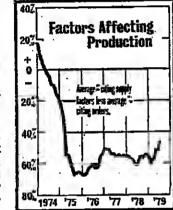
PRODUCTION/SALES TURNOVER	4 :	nonthly	moving.	total		June 19	79
Those expecting production-sales turn- over in the next 12 months to:	Mar June %	Feb May %	jan. Apr.	Dec- Mar. %	%	Chem.	Shipping & Transport %
Rise over 20%	7	7 ·	9	6	15	. 4	
Rise 15-19%	3		. 8	. 8	<u> </u>	. 2	41
Rise 10-14%	18	25	20	. 19	9	<u> </u>	
Rise 5-9%	23	22	.20	21	28	18	14
About the same	39	38	37	36	24	50	4

### CAPACITY AND STOCKS

### Further below plan

THE INDEX covering the extent to which industry was working to capacity declined for the second consecutive month. Both the engineering and chemical and oil sectors were more inclined to say they were working below planned ontput levels than they had been in February.

There was a fall in the level of expected stocks for the next 12 months, mainly in work in progress. In line with this trend there was less tendency for companies to feel that their level of stocks was too low.



There was a further small movement towards citing supply factors as determining the level of ontput, mainly because the engineering and chemical and oil sectors were less inclinedrather surprisingly—to mention shortage of orders than in February.

Although demand remained the more important factor overall, the Index, measuring the extent to which output is dominated by demand as opposed to supply side than at any time during the last four years.

**STOCKS** 

Mar June	Feb.	jan	Dec.	Eng.	Chem.	Zhipping &
%	May %	Apr.	Mar.	elect.)	& Oils	Transport
41	44	41	. 42_	40		41
51	45	47	42	30	72	49
- 5	8	8	8	15		<u> </u>
3	. 3	4	. 8	15		· -
						<i>in</i>
27	30	30	. 32	23_	<u>. 2</u>	
45	45	43	39	24	70	- 45
7	7	9	8			10
21	16	18	21	- 53	28	45
	41 51 5 3 27 45 7	41 44 51 45 5 8 3 3 27 30 45 45 7 9	41 44 41 51 45 47 5 8 8 3 3 4 27 30 30 45 45 43 7 9 9	41 44 41 42 51 45 47 42 5 8 8 8 3 3 4 8 27 30 30 32 45 45 43 39 7 9 9 8	41 44 41 42 40 51 45 47 42 30 5 8 8 8 15 3 3 4 8 15 27 30 30 32 23 45 45 43 39 24 7 9 9 8 —	41     44     41     42     40     28       51     45     47     42     30     72       5     8     8     8     15     —       3     3     4     8     15     —       27     30     30     32     23     2       45     45     43     39     24     70       7     9     9     8     —     —

### LYCLORY CORRELITY VILLERING LUMPOLING 4 monthly moving total

	Mar June %	Feb May %	Jan- Apr. %	Dec. Mar. %	(non- elect.)	Chem. & Oils %	Transport
. Home orders	72.	78	76	81	. 81	48.	95
Export orders	43	50	54	60	62	55	95
Executive staff	10	8	76	16	23	39.	
Skilled factory staff	34	. 27	26	. 27	62	53	51
Manual Labour	9	8	14	10		13	41
Components	6	6	2	3	9 .	4	
Raw materials	7	11	11	12	9	6	10
Production capacity (plant)	. 13	. 13	13	11	8	2	
Finance			1	1	5	<del></del>	
Others	. 9	.9	10	. 10	5	· · ·	
Labour disputes	26	27	27	18	22	9.	55
No answer/no factor	6 .	. 6.	3	3		. 9	4

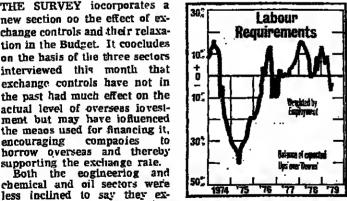
### CAPACITY WORKING

4 monthly moving total					June 1373			
Mar June %	Feb May	Jan Apr.	Dec Mar. %	Eng. (non- elect.)		Shipping & Transport %		
-13	13	10	12		4	10		
56	61	67	62	32	39	86		
30	26	22	25	60	57	4		
1	_	1	1	. 8				
	Mar. June %	Mar Feb June May % % 13 13 56 61	Mar Feb Jan June May Apr. % % % 13 13 10 56 61 67	Mar Feb Jan Dec June May Apr. Mar. % % % % 13 13 10 12 56 61 67 62	Mar Feb Jan Dec (non- june May Apr. Mar. elect.) % % % % 13 13 10 12 56 61 67 62 32	Mar Feb Jan Dec (non- Chem. June May Apr. Mar. elect.) & Oils % % % % % % % 13 13 10 12 4 56 61 67 62 32 39		

### INVESTMENT AND LABOUR

## **Exchange control section**

THE SURVEY iocorporates a new section oo the effect of exchange controls and their relaxation in the Budget. It coocludes on the hasis of the three sectors interviewed this month that exchange controls have not in the past had much effect on the actual level of overseas iovestment but may have iofluenced the means used for financing it, encouraging companies to horrow overseas and thereby supporting the exchange rate. Both the eogineeriog and chemical and oil sectors were



pected to increase their capital expenditure over the next 12 mooths. This was more than offset hy greater optimism in the shipping and transport sector, although the survey warns that the sample in this sector is small and therefore the upward movement in this index shoold be treated with caution.

There was a slight improve-ment in the index for labour requirements over the next 12 months, although there is still ao excess of companies saying they expected a decline in their labour forces over those who forecast an increase.

### LABOUR REQUIREMENT (Weighted by employment)

Those expecting their labour force over the next 12 months to:	Mar June %	Feb May	Jan Apr. %	Dec Mar. %	(non- elect.)	Chem. & Oils %	Transport
Increase	15	17	21	26	12	5	
Stay about the same	65	58	38	57	· 78	93	86
Decrease	. 19	24	. 20	17	10	2	14
No comment	1	- 1	. 1				<del>-</del>

### CAPITAL INVESTMENT (Weighted by expenditure)

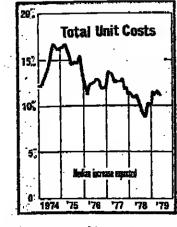
•	4 1	monthly (	moving t		9 .		
Those expectine capital expenditure over the next 12 months to:	Mar- June %	Feb- May %	Jan Apr. %	Dec Mar. %	(non- elect.) %.	Chem. & Oiss %	Shipping & Transport
Increase in volume	. 49	50	52	53	. 37	41	81
Increase in value but not in volume	18	13.	9 .	6	55	39	10
Stay about the same	14	14	19	23	_	· <del>-</del>	9
Decrease	17	_ 22	20	16	48 ·	- 20	
. No comment	2	1	_	2	10	-	<u> </u>

4 monthly moving total

### COST AND PROFIT MARGINS

## Higher wages expected

COMPANIES WERE more rigid than they were last year, inclined to expect higher wage and total unit costs than before, while at the same time there



was more confidence that profit margins would improve over the next 12 mooths. On the wages froo! company

with only a few companies saying they would definitely refuse covering some 120 companies in wage demands in excess of the 11 industrial sectors (mechamount budgeted.

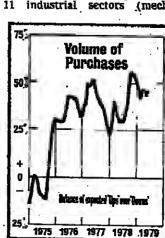
The main reason for the rises in both expected wages and unit costs was the Budget. The survey comments that this implies further rises in the index in future months.

All three sectors were more inclined to expect profit margins to improve over the next 12 months. As a result this index, which bad been failing, shows a smail rise.

These surveys, which are carried out for the Finaocial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some .30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent attitudes contioued to be less of all public companies.

The all-industry figures are four-monthly moving totals



anical engineering is surveyed every second month). Complete tables can be purchased from Taylor Nelson and

### COSTS

	Mar June %	Feb. May	јап <b>А</b> рт. %	Dec Mar. %	Eng. (non- elect.) %	Chem. & Oils %	Shipping & Transpor %
5-9%	8	· 10	34	14			
	64	66	.60	. 61	68	74	- 14
	17	. 18	16	14 -	9	13	4
	3:	. 1	,1	1	· -	13	
		5	- 12	10	23		82
	3 *	3	1.	1	<u> </u>		<b>.</b>
	28	26 .	25	26	- 4	18	
	41	45	47	46	64 .	26	4
	.7	17.	. 11	101	_	26	4
	1 - 1 -		<u> </u>		-	A	٠,
<del></del>	-	3	3	. 3	<b>–</b> '	• • • •	
	3	4	4	4.5	. — :	· · — .	
No answer	17	. 8	: 9	10	32	26	92
	Same	June %   5-9%   8     10-14%   64     15-19%   17     20-24%   3     No answer   8     0-4%   3     5-9%   28     10-14%   41     15-19%   7     20-24%   I     Same   —   Decrease   3	June   May   %   %   %   %   %   %   %   %   %	June   May   Apr.   % % % % % % % % % % % % % % % % % %	June   May   Apr.   Mar.   % % % % % % % % % % % % % % % % % %	Mar.   Feb.   Jan.   Dec.   (non- June   May   Apr.   Mar.   elect.)   % % % % % % % % % % % % % % % % % %	Mar.   Feb.   Jan.   Dec.   (non- Chem.   June   May   Apr.   Mar.   elect.   & Oils   % % % % % % % % % % % % % % % % % %

	Same			5				
	Decrease . :	. * . • .	3	4	4	4.	<u> </u>	<u> </u>
	No answer		17	. 8	9	10	. 32	26 92
PROFIT MARGINS		<u>.</u>	4 m	nonthly	moving	total	Ju	ne 1 <b>97</b> 9
Those expecting profit marg	ins over the		Mar june	Feb.	jan. Apr. %	Dec- Mar. %	elect.) &	Shipping Them. & Oils Transpor % %
	Improve		38	34	37	43	" 26	58 45
Rem	ain the same		_ 38	. 44	41	35	. 11	24 14
	Contract		20	20 .	20	- 20 '	48	18 —
	No comment	1	4	2	2	. · 2 ·	. 15	<u> </u>

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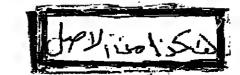
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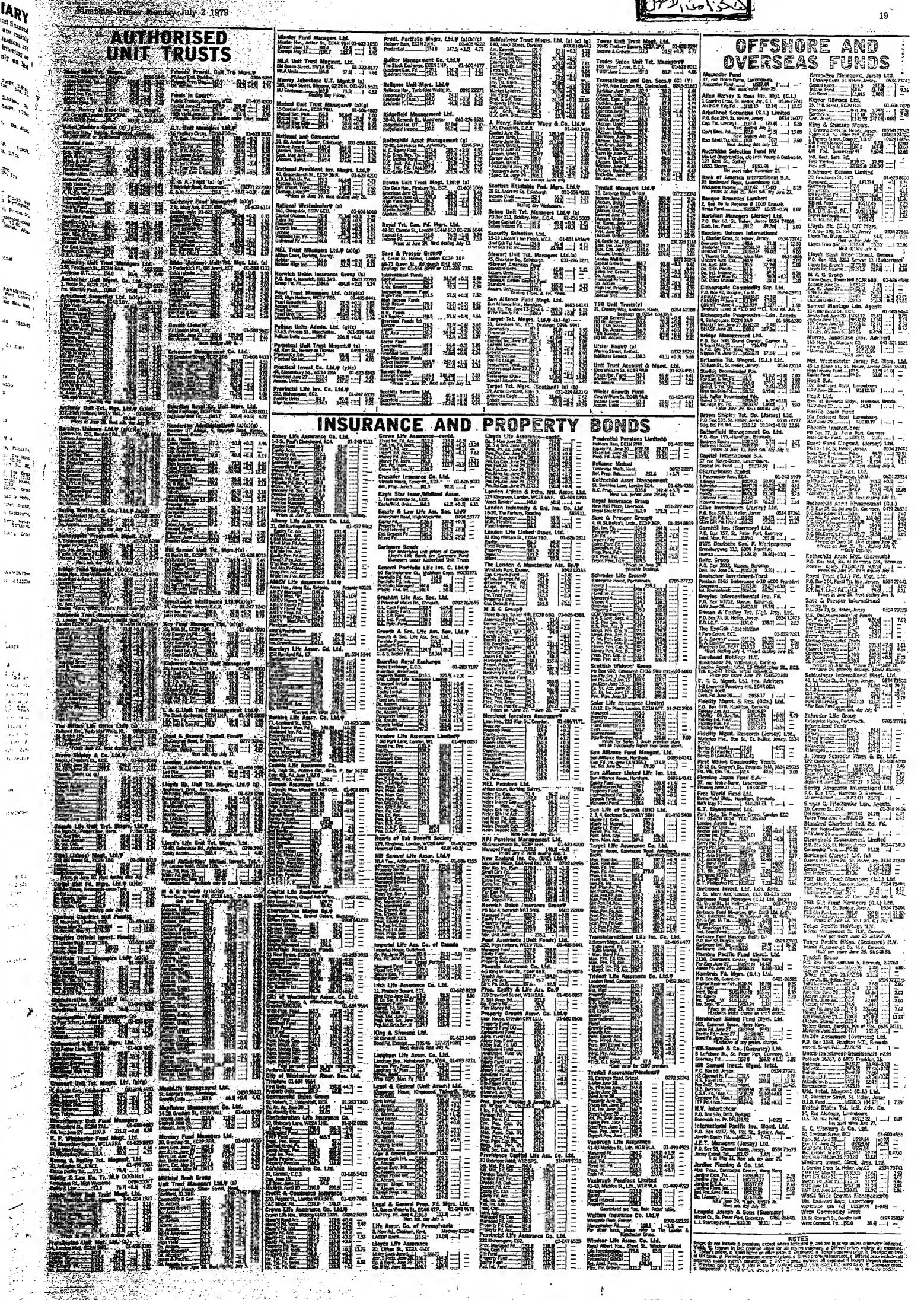
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# FINANCIAL TIMES REPORT

Monday July 2 1979

# BRADFORD

With employment in wool textiles declining, the city is promoting itself as a location for investment by bringing in British and foreign businessmen for a special event-the Bradford Experience. At the same time a stone-cleaning programme is shaking off Bradford's grimy image as it looks to the tourist trade as an increasing source of revenue.

# A need to find more jobs

By Rhys David

IN A FEW months' time, Bradford will be bringing husinessmen from Britain, Europe, Japan and North America to the city to sample what is being called the Bradford Experience.

The facilities that Bradford can offer will he on display in a giant sports complex named after Richard Dunn, a local scaffolder who won the British heavyweight boxing championship and went on to challenge Muhammad Ali (with predictable results).

About 600 local companies specialising in the provision of services to industry will have their own display in the main ball, and the range of products which are made by other companies in the district will be in separate balls different industrial exhibited

The week, from October 1-7, is Bradford's attempt to pro- wool textiles, forming the basis ject itself as a location for of what is now one of investment, a race which most Bradford's biggest service secinvestment, a race which most cities lo Britain, and Indeed on tor employers—mall order. Two the Continent, have already of Britain's biggest group's

It is not being called the based in the city.

Bradford Experience for nothing, bowever. With a now largely unjustified image as a city of northern grine. Bradford realises that it will have diffi-culties selling itself unless visitors are prepared to make the trip and be surprised. For this reason, the city will be offering special travel and accommodation to potential investors with projects in mind. and will be making sure they are expused to more than a quick tour of industrial estates. Guides are to be assigned to small parties of two or three overseas visitors. In this way. it is hoped that potential investors—and about 12,000 are being invited—will find out something about the people of the area, and see some of its

more out of the way attractions. Bradford, a metropolitan dis-trict within West Yorkshire, embracing the towns of likley, Shipley, Bingley and Keighley well as the city of Bradford, bas come somewbat belatedly into the now highly-competitive business of seeking out foot loose new industry.

It has always been a sturdily independent place, relying on its wool textile industry, and the oow widely-diversified engineering industry which grew up with it, to create wealth.

In the inter-war years Bradford's population, which now totals 460,000, was swelled by refugees from central Europe and in the post-war years labour shorters led to a years labour shortages led to a further search by employers for workers in Europe and in Asla. Clothing also grew up alongside Empire and Grattan, are both



The need to mount a new campaign for investment at this government report. time has stemmed from the decline that has since overtaken tentiles and other Important industrial sectors. Whol textiles still employs main centre of employment, is roughly 16 per cent of the likely to feel the greatest manufacturing workforce or 30,300 people, and the UK 30,000 people, and the UK industry as a whole—most of it located in West Yorkshire—has a high reputation in overseas markets, emporting products worth 2400m last year—about 40 per cent of output.

### Contraction

However, production has been falling as other countries have moved into textile manufacture, and rationalisation of the industry has led to mill closures and the loss of tobs Though the industry as a whole Lucas Aerospace also has spent nearly £100m on reequipment over recent years, the prospect is for tuether con-

traction, occording to a recent Altogether between 9,000 and 18,000 jobs are likely to be lost in wool textiles in the years 1977-1980 and Bradford, as the

Other major closures

engineering bave already hit the district, where manufacturing, despite the growth of serin recent years still accounts for 42 per cent of jobs compared with 32 per cent nationally. Thorn Consumer Electronics sbut two plants making television sets last year with the loss of more than 2,200 jobs. The company, which had been affected by the surge in imports of foreign (mainly Japanesci sets, had already cut its labour force by 5,000 in the five years up to 1978.

other plants and in a new factory to be completed in two years' time. Though the district's many smaller concerns have proved more resilieot than their bigger rivals, the cumula-tive loss of jobs in manufactur-ing since 1976 is \$,000 and and may be up as much as 9,000

the growth in size of the pre-dominantly youthful new Com-monwealth population—up from 28,000 in 1971 to 47,000 at present, with the biggest rise taking place in the Pakistani community, up from 14,000 to 30,000. Of the non-white population about 70 per cent are under 30 and only 1.5 per cent are over 50. This means that in Bradford as a whole 47 per cent of the population is under 30 against a national average of

Significantly, too, while the non-white labour force is set to grow from 25.000 to about 45.000 by 1991, it is this sector of the population which is currently suffering most from uoemployment. At present nonwhite people make up 15 per cent of the unemployed, but only 6 per cent of the potential

Further, the decreasing neck for unskilled labour is expected to affect the non-white com-

# Drive to restore battered economy

THE VISIT to Bradford by a vided many jobs to absorb per cent direct grants and party of Dutch tennis players, former textile workers, was a selective assistance such as tax avid for a few days of intensive bitter blow and turned the residence reliefs and rent-free periods; avid for a few days of intensive bitter blow and turned the residence reliefs and rent-free periods; sport at the metropolitan dential and light industrial. The council also has a scheme district's splendid Nah Woods suburb of Lidget Green into a inf loans over 30 years, with the directly connected with the to be directly connected with the drive for new jobs. But it is. It is one of the weekend pack-ages which Bradford hopes will come its way increasingly, giving the district a growing stake in the tourist business.

The link with Bradford bas been forged by Dutch bosinessing since 1976 is 5,000 and incomployment, at more than 6 per cent, is above both the national average and that of West Yorkshire. And in contrast with practically everywhere else in the UK, the working age population of Bradford is actually increasing, and may be up as much as 9,000 elive as a prize to some of its star city as a prize to some of its star over the current total in five salesmen. Local cynics predict—whole tradition of craft intellipted salesmen. Local cynics predict intellipted salesmen. Local cynics predict intellipted salesmen. Local cynics pr

"But you cao't underrate these package weekends we're offering," a local official said.
"The income to Bradford from any one of them is about £30,000. The number of jobs in this area in what you can loosely describe as the leigure industry rose from 10,000 in 1961 to 16,000 in 1976."

The flirtation with tourism is just one example of Bradford's determination to restore its battered economy. The city itself has an high level of unemployment-well above the national average - although outlying areas, notably Keighley with a strong and prosperous engineering sector, is in much better heart. Huddersfield, centre of edjoining metropolitan district of Kirklees, is an object of Bradford's envy-because of its indostrial diversity it bas always managed to weather economic storms and usually had one of the lowest rates of unemployment in the north.

It is increasing diversity munity more seriously than the which Bradford is seeking. The ones will be left white Clearly there is a danger closure of Thorn Electrical's The incentives Bradford, as television component plants, a an intermediate area offers to new industry which had pro-incoming companies, include 20

employers, whose headquarters are in the same area, helped to cushion the blow, but nobody is underrating what the loss of Rate.
Thorn has meant.

that should attract new indus-tries like micro-chips. There's a

### Independent

Bradford bas many sites to offer incoming companies. The maio one is the 130 acreprivately owned Euroway Industrial Estate, which lies to the south of the city on the edge of the motorway, and with a popular and receotly-built Novotel almost on the site. The Euroway estate bad teething troubles, but now, according to Mr. Bexon's department, is really "taking off." There are other sites, many owned by the council, in all parts of the metropolitan district.

The work of providing new sites goes on. At Shipley, a fiercely independent little town which fought annexation by Many local people tend not to Bradford for many years, CMF share the planners enthusiasm. Developments is clearing a The main sceptics are the old 400,000 acre site, once occupied textile men who gramble that

Some expansion by the says. These, the council fell, Grattan mail order company, were particularly attractive one of the district's main when compared with other borrowing facilities, but there was some concern after the recent rise in Minimum Lending

Mr. Harry Bexon, industrial the job hunting business. Even officer for the metropolitan though textiles declined, it was district, believes that Bradford felt at first that the city had a

ing in Bradford than thenational average. It hopes for more Despite extras' like tourism, the city's leaders feel that manufacturing industry will always be its strength.

There is some resentment that: Leeds, its old rival nine miles away, has attracted the cream. of commerce to its new city-centre. But Leeds, from the beginning, set out to be a great regional. commercial centre. Bradford points out that com-mercial and industrial property in Leads it more expensive than in Bradford, which has equally: good communications.

So far the city's jobs drive has attracted investment from Germany, the U.S., Switzerland and Spain." There are bopes that when Inmos goes ahead with its new UK development, based on Bristol, Bradford will be included in its centre:

by large textile mills. Most of, if all this zeal for industrial the old buildings are being development had been put into pulled down, but some usable seeing the wool industry through its bad years, things might have been different today.

Alan Forrest

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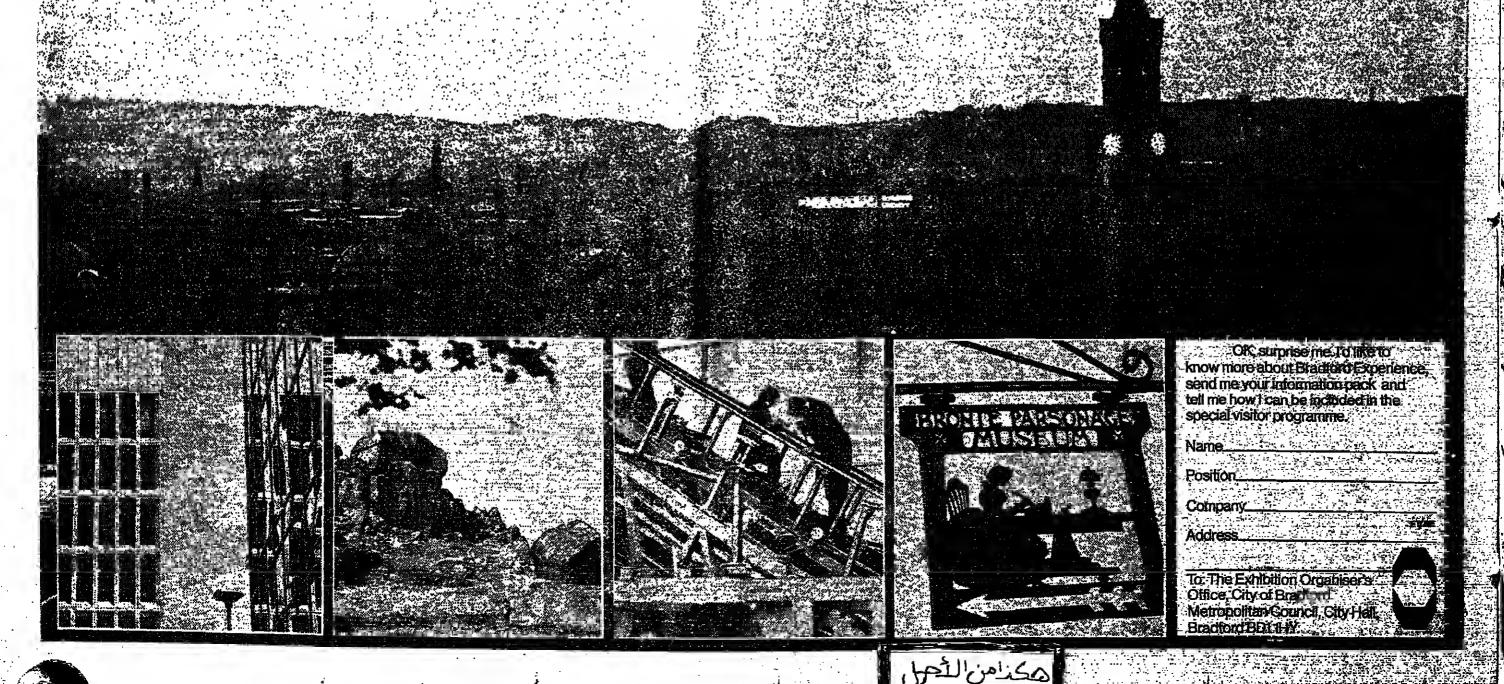
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### BRADFORD II

# Home loans worry

BRADFORD HAS always been uninformed criticism of the crisis fears of Provincial and its a stronghold of the building extension of their branch net supporters. Mr. Richard society movement. Older citizens works, or the incredibly compli- Wheway, Halifax's financial will tell you, not entirely facetlously, of the daya when a fiver put into a share account by first faltering step into the

Today, within half-an-hour'a drive of the City Hall, there are the head offices of building societies which control 40 per cent of the whole bousing finance movement in the UK.

Three of them are in Brad-ford itself—the Bradford and Bingley, the Provincial and the Huddersfield and Bradford, Only ten miles away, at Halifax, the centre of the neighbouring metropolitan district of Calderdale, tha huge skyscraper head-nuarters of the Halifax, Britain's biegest building society with £7.2bn assets, dominatea the

Mr. P. M. Harrand, Provincial's assistant secretary, pointed out recently: "The movement employs half as many again in Yorkshire as are employed in London, and no other area in the UK approaches West bnilding society employment figure of 4,500."

All these societies are facing immediate problems with the increase in Minimum Lending Rate in the Budget. But long before Sir Geoffrey Howe's speech last month the movement has been looking forward to the 1980s. One of the societies with some misgivings about the uture was Provincial.

Mr. Harrand, writing in the Bradford Chamber of Commerce Journal, said: "Societies are not particularly concerned about

to worry about more fundaa fond aunt was many a lad's mental things-problems which are not apparent now but which may be serious in the 1980s."

> Provincial has worked out figures which show two recent trends---a worrying constant Increose in withdrawals and the rate of house price increases.

### Average

Mr. Harrand says: "Obviously, as societies huild up more investments they are likely to have more withdrawals, but the proportion of money withdrawn each year is increasing and in 1979 the movement as a whole will have to take £15bn merely to meet withdrawals."

He points out if a conservative 15 per cent is taken for the average house price increase over the country io over 12 months, it meant that every £1m lent would accommodate 15 per

Provincial has been one of many societies taking steps to limit its exposure to withdrawals. They have introduced term sbares, whereby investors are paid a higher rate on their deposits providing they are left untouched for two, three or four years. "Societies now have millions of pounds in these departments, and they have proved an invaluable base of stable investments on which to maintain a stable mortgagelending programme," says Mr. Harrand

All societies do not share the tion.

cated consumer credit legislation. Instead, they are beginning as saying: "It's perfectly true that if you look at the rate of investors to borrowers, it has been going up. The ratio of new investors to new borrowers has been going up even faster." He suggested the situation was still not one to cause undue alarm.

Both Provincial and Huddersfield and Bradford have their headquarters in the city centre, Provincial just across the road from the impressive Florentinestyle City Hall, Huddersfield and Bradford a short distance away. But perhaps the best sited of the three society beadquarters -certainly from a staff point of view-is Bradford and Bingley. housed in the main street of Bingley. the little semi-rural township on the green banks of the Aire and the place made famous by John Braine's novel Room At The Top.

An official of Bradford and Bingley felt the future for the movement in the long term was good. There were immediate problems, be said, but societies were putting in a lot of work to make their services more attractive to members, such as insurance-linked schemes -Bingley has one in association with Eagle Star.

Provincial, with assets of £1.9bn and Bradford and Bingley (£870m) have enjoyed consistent growth rates with the Halifax. It is a much-changed huilding society movement as a Singer and Friedlander and result of mergers which have Julian B. Hodge as well as big mada working more efficient and nf comprehensive computerisa-

lutionised building society staff-lng and training. Mr. Harrand says: "The most obvious example of progress is computerisation, societies now employ computer programmers and aualysts whose backgrounds are often from outside the movement.

" Professional accountants have always been accepted within the movement, but over the last ten years societies have been able to employ their nwo solicitors, property valuers, advertising experts, premises maintenance staff and qualified personnel executives.

"While the young trained will still he expected to mave around the departments and learn as much as possible of the business, it is no longer possible for him to learn a little bit of everything, as may have been the case 30 years

The building societies are Bradford's main contribution to the financial services of the area. Leeds has taken the lion's share of the banking and administration services, much to the disappointment of some prejudiced admit that Leeds is prohably a better centre for the

region.
The growth of Leeds as a regional financial beadquarters means that Bradford is only nine miles away from the bank ing facilities afforded by Hill Samuel, N. M. Rothschild, Singer and Friedlander and centres of the clearing hanks.

Alan Forrest

# Relaxed views on race

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sergeant in the old Bradford CID (now merged into the West Yorkshire Metropolitan Force), he found himself, as a young constable back in 1938, helping to settle Basque refugees from the Spanish Civil War.
"That was the start of it," he

sorting ont their problems." When be was approaching retirement from the force and despite some hostility the Asians the fledgling Bradford Comhave heen accepted as part of munity Relations Council wanted the city's industrial life, and as a liaison officer. Naylor's own one textile man put it: "They chief constable sent for him and manned the night shifts in the

borough Road, not far from the industry. sprawling Asian quarters near the city centre, helping immi- Asians work in the wool textile grants with their problems. Or mills. There is a high rate of

The creation of wealth from

some of its other social prob-

lems. The city was fortunate

JOHN NAYLOR is a walking if he isn't there, he may be immigrant unemployment—how history of Bradford's immigrant escorting busloads of coloured much this is due to the decline children round York and feeding them orange squash from

paper cups.
Mr. Naylor is typical of the people who are helping to make Bradford one of Britain's most peaceful and relaxed multiraclal communities, "We don't talk about immigrants any said. "Later I worked as az more," one of his helpers sald, aliens officer and on juvenile "we talk about ethnic minorities. liaison. The Poles came to the The Aslan kids put it more city after the war and the simply. You see them wearing Latvians and the other Baltic badges proclaiming 'I was born

The newcomer to Bradford can the West Indians and the Asians. only be impressed by the I always seemed to be going into standard of race relations. Of mills and foreigners homes and course there are tensions — It would be too much to expect brotherhood has arrived. But almost ordered me to apply for woolcombing mills when we needed them and have made a He sits in his office in Marl- valuable contribution to the

CONTINUED FROM PREVIOUS PAGE

much this is due to the decline of the textile industry and how much to discrimination by some employers is hard to say. Certainly some service industries seemed reluctant to take on coloured workers, but this is changing and more and more of them are to be seen as assistants in shops and supermarkets.

They came to Bradford in the 1950s, to a city which has a tradition of absorbing foreigners. The German Jews who arrived in the last century played a major part in the local industry. After World War II many East Europeans arrived. Some stayed awhile and then went to the U.S. and Australia. Others stayed on, and John Job. with his Aslans, finds time to help elderly Poles who feel out of touch with their compatriots hecause they can't spend much time at their social clubs on an old-age pension.

aluable contribution to the All these immigrants have brought variety to Bradford's Even today a majority of life. You probably can get es good a curry in Bradford as any-

find yourself in a perfectly ordinary English pub - except that the landlord is a Pakistani.

The presence of so many in Bradford—around 63,000—has created problems—in education for Instance. There is local controversy about "bussing" of Asian children. Another beadache for educationists was the reluctance of Aslan fathers to send their daughters to a coeducational school.

But John Naylor thinks the signs are that race relations will go on improving. "It has been a long-drawn out task," be says, "but big advances have been made. The teachers and social workers have done a marvellous Community relations Navlor, when be isn't dealing workers are fond of pointing out that the National Front has all.

> It looks as if a lot of Asians will find employment in their own community when the job situation improves. Bradford Is-suddenly aware of the emergence of an Asian middleclass. In fact the voice of racialism in Bradford doesn't condemn them for "sponging on the State" but expresses a kind of jealousy at their success in husiness, opening little sbops and bigger shops and nne or two even emerging as mini-tycoons, narticularly ln the clothing husiness.

There are already three Asian city councillors and several Asian magistrates. They work tirelessly on their nun community problems. Problems generally will continue for some time, but you find more and more local businessmen standing up for the immigrant community. "They're indus-trious." one said. "I wouldn't hesitate to employ them. Their housing standards At one time the improved. sneers about dirt and overcrowding were true. But things have not better. And they'll continue to do so."

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**Bradford City Centre** For Sale

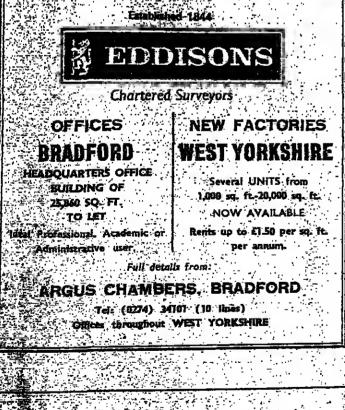
Freehold Office Building 15,500 sq.ft.net.approx

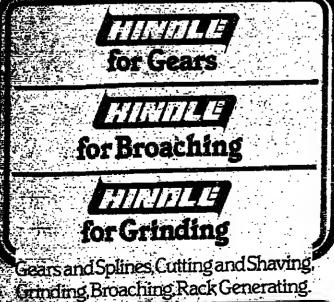
All Amenities Current income £17,850 p.a. 6,340 sq.ft.net.approx Available for Occupation/Letting £170,000





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community if jobs Personal standards of wealth The city is also continuing to are not found, though one are also low, as in West Yorkencouraging development is the ahire as a whole, with men and continued growth in Indian and Pakistani small husinesses, women in manual work both earning less than the national in clothing and engineering in average. Family car ownership at 47 per cent is below the national average of 56 per cent and the numbers on supplenew industry is also essential, bowever, if Bradford is to tackle mentary henefit are high—about 30,000. Against this, the cost of both housing and food are significantly cheapar than in enough not to commit itself m most other parts of the country.

But although Bradfird, like most other older industrial centres in Britain, now has its problems, the city fathers are confident that those who do

the 1960s to the then fashion-able bigh-rise housing developments, and has concentrated instead on improving its older stone built Victorian housing. Much of the housing stock sample the Bradford Experience remains sub-standard or in poor will go away pleasantly surstate of repair, however, including some of the council's own folder estates. About 12,000 houses in the city are officially classed as lacking one or more prised. . A substantial stone cleaning

programme over recent years has revealed just how splendid a heritage of sandstone huildings Bradford's founding fathers have left, with pride of place undoubtedly going to the Florentine City Hall. The Wood Exchange, by contrast, tnok a Venetian model, while at Shipley to the north of Brodford itself a complete Italian-style

village was built by Sir Titus Salt, with library, besnital, school and almshouses, to accommodate workers employed at his large mill nearby (now part of Elingworth, Morris). Bradford's city centre admit-

tedly also bas had to accommodate box-like modern hotel buildings and office blocks of the three major building societies headquartered there. And its shopping facilities bave been supplemented by an Arndale Centre which, like its cousins in other cities, proclaims little more than modern functionalism. Nevertheless, redevelopment has given Bradford a commercial centre which

evidently works. A number of recent improvements in its transport infrastructure make the city no longer as lnaccessible as it once was. A motorway spur joins Bradford to the trans-Pennine 162 and from this to the M1. Bradford Experience.

press for a proposed new link which would take traffic travelilng North from the M62 to the Al to pass between Leeds and Bradford rather than east uf Leeds. By rail Bradford's previously direct service to London

has been improved with the iotroduction of new high-speed trains, and the journey time has been cut to under 21 hours.

By air Bradford is linked, through the municipal airport it sbares with Leeds, with all the

main UK eentres and with a number of Continental cities, though the type of aircraft is restricted by the runway length. The new Bradford, which has emerged over the past decade,

though undeniably feced with serious social and economic problems, is a much more attractive place than the old. And hecause of this city planners are now assessing its potential even as a tourist

It is an idea which is not as for-fetched as it might seem. The district since local government reorganisation in 1974 bas stretched out to the Yorkshire Dales National Park and includes the attractive former spa town of likley. In Haworth. home of the Brontes, Bradford has the second biggest literary tourist attraction in Britain (after Stratford-on-Avon) with 700 000 visitors a year, while Bradford itself has begun to attract fans of Victorian architecture and

arrhgenlogy. Services tourism and leisure are in fact seen as one of the fastestgrowing parts of the local economy and, from Bradford's point of view, have the additional advantage of being lahour-intensive.

If Bradford can develop this role and secure its share at least of new manufacturing developments it will be well satisfied. There is confidence ton that this is bound in happen once investors have sampled the

مكنامن المضر

Financial Times Monday July 2 1979

PROPERTY—Continued June Suez rin. NF.100.1 £3312 30.5 027% \$\phi\$ 9.7 \$\phi\$ Agrii Trans. Mir. Tsl. Lo. £1015 9.4 015.0 \$\phi\$ 1.4 \$\pm\$ Apr. Aug. Wish. Select 200 27 26.2 21 1.2111 020 klar. Oct. West of England. 53 274 1.54 4.5 4.2 6.5 ... Yorkgreen 100. 13312 1311 M0.33 ... 35.27.2 Apr. Aug. Yule Catto 100. 92 26.3 1.54 3.5 2.4 13.0 MINES—Continued OILS 123 †190 1.0 4.0 34.7 AUSTRALIAN Southern Pacific...
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Same interim: reduced final analor reduced earnings indicated.

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Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.

Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.

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Excluding a funal dividend declaration.

Regional price.

No par value.

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First yield, g Assumed dividend and yield, h Assumed dividend and yield after scrip issue. J Payment from capital sources, k Kenya.

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Times Menday July 2 1979

INSURANCE—Continued

industrial valuers

WIDE-RANGING ECONOMIES SOUGHT AS COST OF MATERIALS RISES

# Health cuts 'put patients at risk'

alone in this financial year in a risk to patient mortality, according to health service be implemented. and medical management

looking for wide-ranging economies to accommodate rises in and that decision must be rai materials cost due to the value added tax increases announced in the Budget, and pay awards which the Government has said

services have not been reduced -but cannot accommodate the bave a damaging effect on extra costs.

In the case of one of the six London area health authorities, Kensington and Chelsea and Westminster (which contains a number of well-known teaching givings, and should be imple-hospitals, including the Middle-mented only with specific

**Selective** 

aid likely

weeks. Plans are expected to

inward investment.

cations at the week-end.

aid will continue to be pro-

cessed, and that further money

vili be made available for

future projects which meet strict criteria.

The Government is also expected to continue with aid schemes totalling £296m. intro-

duced by the last Government for some iodividual industrial

There is still a question mark over two recently introduced

schemes for micro-electronics

developments totalling £125m. Only about £10m has been

allocated to individual projects.

making the schemes natural

targets for public spending cuts.

Sir Kelth indicated his deci-sion on the inward investment

aid during a tour of the North-

East at the weekend when he said the UK could "not com-

pletely disarm when other countries provided similar in-

ducement for what are known as "internationaly mobile pro-

Sir Keith Joseph feature,

Continued from Page 1

Industry

Last week the authority received hsstily-prepared recould be very dameging to the ports from the management clinical services and will result teams in each of its three districts on how the cuts might

The proposais were approved eports. last Thursday by the area's
Area bealth authorities are policy and resources committee and that decision must be ratified by the authority's board next week. Such ratification is

normally automatic.

All three reports, drawn up
by professional administrators Cash limits for the health and doctors, make it clear that privices have not been reduced the priposed culs are likely to

The management team for the south district, says, for example, that the measurea have been identified with profound mis-

HEALTH SERVICE spending sex) the cuts amount to £2m. instructions from the authority cuts—to total £30m in London Last week the authority. The consultant representative on the north east district team records his view in his team's report that the measures proposed will result in "a risk to patient mortality, increased significant morbidity and damage to the undergraduate medical and teaching pro-gramme" (the district includes

the Middlesex Hospitsi). The north west district team both individually and collectively are convinced that most of the proposals . . are very damaging to the clinical services to patients within the district and will take those services helow the level needed."

The district reports show that, while there is room for some trimming on manning, economies already made have left, in the administrators' view, little

Some of the cuts proposed

throughout the area are: closure of the Athlone Re- have to be suspended. . . . covery Unit and two wards in the Middlesex Hospital

closure of wards at St. Mary's, St. Charles, Gordon and St. Stephens Hospitals, and of the accident and emergency department at St. Mary Abbot's. oclosure of in-patient heds at Paddington Green Children'a Hospital.

 discontinuing of gynaecological surgery at St. Mary's Hospital.

The reports forecast that the economies would run into fierce opposition from health aervice trade unions and from community health councils.

The report from the south district says that "the action needed to make such savings is likely to involve management informing staff of changes rather than consulting them. Authority - agreed procedures

requiring consultation would

On relations with the community health councils, the same report says: "If cuts are to he made within this time scale-to be effective before the end of this financial year —it is necessary for authority to appreciate that the normal informal consultative procedures with hodies such as the community health council may have to he ahandoned."

Mr. David Triesman, secretary of the Cities of London and Westminster Trades Councils and the TUC nominee on the authority, said last night that the local trade union movement would oppose the cuts.

"However, if they do go
ahead, I am coovinced that they

would destroy bealth care in

Commission report soon,

**Commons** 

awaits PO

statement

THE GOVERNMENT may

make a Commons statement

today about the problems affecting the Post Office, in spite of an easing of the postal

Sir Keith Joseph, Industry

Secretary, yesterday cancel-led a visit to South Wales to be available today in the

Honse. Political pressure has

heen mounting for a Govern-

Last week, Sir Keith told

MPs. he did not rule ont the

possibility of the Post Office

losing its statutory monopoly

for carrying mail, Since then, postal bold-nps have worsened

and he is likely to be urged

Last night, however, the

Post Office sald that following

msior efforts over the week-

end, the backlog was easing.

It was no longer necessary

for people to post nnly nrgent mail, although major

nsers should check with local

post offices before mailing

Meanwhile, the Post Office

agreement to increase its

"overdraft limit" from £75m

The request went to the

Government about four weeks ago, when action by com-puter staff working on tele-

phone hills threatened to

affect cash flow in the tele-

drawn on the funds, though it is likely that it will do so

if the dispute continues. At

present, it borrows about £5m

a day from the postal busi-

ness, and has incurred more

than £35m in interest charges

• The Mail Users' Associa-

tion, has referred the Post Office to the Advertising Stan-dards Authority.

It claims the corporation bas

contravened the code which lays down that all advertise-ments "should not be so

framed as to abuse the trust of the consumers." The association says the Post Office has undertaken to give mall

users three months' notice of

tariff increases, yet its most recent round of postal price rises had been introduced

with only two months' notice.
"We are raising this matter

with great regret, but it really

does not help the reputation

of the Post Office if it breaks its premises. No private con-cern would he allowed to

hreak its word in this way,"

Orkney, Shetland

Rest of Scotland, Isle of Man,

N. Ireland

Rather clondy, occasional

Ontlook: Dry with sunny

drizzle. Sunny intervals develop-

ing inland. Max. 16C (61F).

intervals in S., changeable with

Rather cloudy, drizzle

times. Max. 9C (48F). ..

The corporation has not

communications business.

obtained Government

anthority.

this week to take action.

ment Initiative.

backlog over the weekend.

# Government to toughen laws on price rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

to go on ment of Trade document shows Government plans to introduce ONE OF the first indications tougher laws to help curb that the Government is relaxing excessive price rises its outright opposition to selecincrease competition. tive industrial aid to companies is likely within a couple of

The legislation, due to be published in a few weeks, has taken be announced for encouraglog longer than expected to pre-pare hecause of technical foreign companies to invest in problems with the proposals.

Sir Keith Joseph, Industry The document has been circu-Secretary, is expected to Say that the Government is prepared iated to a few interested bodles to gauge reaction. "The primary means of dealing with excessive prices will be by tackto top up ordinary regional aid with special grants to attract iing the limitations of competi-tion that give rise to such He has been forced to make a decision on this issue because

an existing £150m selective The proposals have already investment scheme used for been criticised by consumer organisations including the Inward luvestment projects as weil as for UK companies' developments, closed for appli-National Consumer Council which feels that the proposed powers to deal with prices are It seems likely that the likely to be inadequate and Government will announce in overtaken by events. the next couple of weeks that applications already made for

The Government plans to use both the existing powers of

AN UNPUBLISHED Depart- Monopolies and Mergers Com-

prices," it says.

full report.

Under the existing monopoly legislation, the director-general of fair trading can refer to the commission cases where com-petition is limited by market structure or where pricing policy suggests an ahuse of monopoly power. The definition of anti-competi-

tive practices to be included in legislation is likely to closely follow those given in Government's previous Green Paper on restrictive trade practices. Chapter 6 and paragraphs 7.28 to 7.40 of the Green Paper will be particularly rele-

The director-general "will be given powers, much on the lines of those already available to the commission, to gather information and he will be required to publish his findings, but not to Trading Act).

practice is restricting competition, then the director-general—to he of major public concern. Trade Secretary will be able to the of major public concern.

panles to the commission for a

The commission will then be required to report within a specified time wbether the firm firms concerned is or have been carrying out the practice specified and whether that practice restricts or distorts competition, and if so whether it operates or may be expected to operate against the public interest." In determining the public interest the commission will take account of section 84 of the 1973 Fair Trading Act, the document states.

If the commission's report is adverse, then the Trade Secretary will either ask the company or companies to stop the anti-competitive practice or he will be able to regulate their prices (as is already provided for in Schedule 8 of the Fair

make a full report."

In addition, the Trade Secretary will be able to ask the
prima facie evidence that the director-general "to investigate as giving powers to both the Trade Secretary—will be able a report which will be submitted Office of Fair Trading and the to refer the company or comto the Secretary of State.

# Farmers seeking fuel priority

BY CHRISTOPHER PARKES

FARMING has a strong claim on essential fuel supplies this he warned. summer, Mr. Richard Butler, president of the National Farmers Union, said on the eve of the Royal Show, which opens at Stoneleigh, Warwickshire,

If the weather is dry at harvest tima, Mr. Butler said, the industry could get by with the minimum amount of fuel. But if it turns wet, the wbole process will slow down. Combine harvesters, tractors and grain dryers could suddenly

need a massive amount of fuei."

The 200,000 people expected to visit the four-day show will educated in fuel-saving techniques and treated to unfashionable.

Agricultural Royal The Society of England, for example, is demonstrating a system for extracting heat from cows' milk which is then used to warm water for washing the cows'

And 30 souped-up tractors-

one with a Spitfire engine—will indulge in a daily display of power, pulling massive deadweights in competition.

Officials claim in mitigation that each pull in the contest consumes only half a pint of fuel. The also assure visitors that the showground has ample supplies of petrol for their cars. The show, to be npened by Sir Hector Laing, chairman of Biscuits. about a third of

United attracts farming community, Britain's and is iocreasingly popular among overseas buyers.

### 70% of new cars for business use

has ben a sharp improvement nearly 1,582,000 in 1978 were in the lavel of optimism about hought or leased for some hoth the prospects for the UK aspect of business use, seconding to a survey published today economy and the general business outlook. But the key influence has been the change by the British Institute of Management. of Government.

The need for industry to respond positively to the Budget was the theme of weekend letters to top businessmen from both the CBI and the British Institute of Manage-

In a letter to managing directors of all CBI member firms, Sir John Methven, the director general, warned that if industry failed in the new environment created by the Government and the Budget, when it was being given the sort of incentives it had asked for, it might never be helleved again.

"We may never get such a chanca again. And we should not he surprised then if other unpalatable alternative strategies gain more attraction."

Sir John said industry should respond to changes by showing that manegers and employers were taking specific actions on investment, wages and salaries, productivity and "by explaining the facts of life to our workforce to a much greater extent than in the paat.

The BIM statement-signed by Mr. Leslie Tolley, chairman, and Mr. Roy Close, directorgeneral—said the Budget pro-vided a large part of what managers had sought. It was a professionals to improve the UK's efficiency,

The survey found that most organisations allocating cars riewed them as an integral part of fringe hanefits.
"The practice became wide-

spread in the late 1950s end early 1960s when companies provided cars in an attempt to attract good managers," Institute said. "Today it is an essentiel feature of recruitment

MORE THAN 70 per cent of all policy and it is doubtful if BIM, for the chairman and mannew cars sold in the UK- employees would move from a position with a car to one with-

> The trend in recent years has been away from privatelyowned cars funded from mileage allowances to cars run and owned by the company. The survey points out that meeting employees' expectations in the type of car allocated could be difficult since they teoded to mirror the company's hierarchy.

Cars are also an essential requirement of many companies' saiesforce. But while the most popular car, among the 471 organisations interviewed by

### Fiat Brazil to export diesel cars to Europe

BY STEWART MARSHALL AND DIANA SMITH IN RIO DE JANEIRO

20,000 of the world's smallest diesel engined cars to Europe, starting next spring.

45 hp will be fitted ioto the has a 42 per cent share in the model 147, which is a Brazilian-made derivative of Europe's credits under a 10-year export best-selling small car, the Fiat programme. 127. The same engine will also be used in the Flat Ritmo diesel, which will be assembled in Italy.

Initially sales of the 147 will be restricted to Italy, but it will plant. cancelled out by the lower pro- two years of operation.

FIAT BRAZIL is to export duction costs in Brazii. Fiat inaugurated its \$500m . car factory and foundry operations in Brazil in 1977. The A 1300 cc engine developing Minas Gerais state Government

> The 147 is the major model produced, and took 11 per cent of the domestic market in 1978, Fiat also produces 10,000 Alfa Romeoa a year at the same

become available in other Euro- In 1978, about 100,000 Fiat pean markets later in the year. 147a were produced—about balf Prices are not known, but Flat the plant's total capacity. By said they would be in line with next year, Fiat hopes to have those of the 127. Shipping costs recouped the iosses suffered competitiveness and industrial of about \$300 per car will be from idle capacity in its first

aging director was a Jaguar XJ4.2, the most popular for the

-British cars still dominate the market but many smaller companies told the Institute that they were buying or leasing more foreign cars.

salesforce was the Ford Cortina.

BIM Management Survey Report No. 44, £25.

### Weather

London, S.E., E. Anglia Mostly dry. Cloudy at first, sunny periods developing. Max. 20C (68F). Rest of England, Channel Is. Wales, Borders, E and N.E. Scotland

Mostly dry. Sunny periods. Max. 20C (68F).

THE LEX COLUMN

# Midland stretches to buy Heller

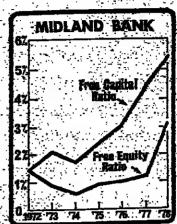
Ayear ago Midland Bankwould hardly have been in a position to contemplate a North American takeover deal on anything like the scale of the proposed Walter E. Heller acquisition. But all its various efforts to improve its capital ratios over the years-its moves have included two rights issues and successive tranches of subordinated dollar debt—culminated at the end of last year with the sale of Bland Payne for cash Together with some cosmetic changes to deferred tax accounting policies, that left its end-1978 free equity ratio at 3.1 per cent, a healthy figure, and in cluding subordinated loans the overall free capital ratio was well over 5 per cent.

However, Midland cannot pay such a generous price for Heller—well over twice the Heller—well over twice his market price before hid rumours began—without doing some damage to these ratios. Midland is offering \$520m for a group with net worth of a group with is going to lead. a group with net worth in \$285m, which is going to lead, if the deal goes through, to a goodwill item of a little more, than £160m. in Midland's balance-sheet. Since intangibles are customarily ruled out of the free capital calculations, Midland's free equity will he reduced while its balance-sheet liabilities increase on the consolidation of Heller. This could trim the free equity ratio

to only about 2 per cent. Although this would be on the low side for the British clearing hanks, it would not he a major problem—especially as the Heller merger, if it ever happens at all, will take many months to be approved by the U.S. anthorities and is therefore unlikely to be diffactor in the end-1979 balance sbeet. Midland has time, and a bumper year for domestic profits, and retentions on its side...

There is however, another aspect. Midland is highly geared, with subordinated debt financing 43 per cent of its capi-tal base, and Heller is also heavily borrowed, with a total of \$841m classified as long-term debt in the last balance sheet. On consolidation, therefore, the group could emerge with an unusually high ratio of longterm debt to equity.

Last week Midland was denying that it had any intention disposing of its Interests in Standard Chartered or European American Banking, but there is no telling at this stage what the attitude of the Federal Reserve Board will be. In any case, the gearing implications could give Midland another reason for



wishing tn make disposals. Certainly Standard Chartered'a share price shivered nn Friday, losing 12p to 456p. \_

Having juat taken up rights in Standard Chartered for £12.5m Midland now has an investment worth £62m (some what less than the book value of just over £80m). Given that it is going to be increasingly difficult for Midland to continue to consolidate its share of earnings in Standard Chartered. in contravention of the accounting standard SSAP-1, a disposal could make sense from a number of points of view, though Midland is unlikely to he in a hurry. Other potentially saleable assets like the 14 per cent stake

in European American, or the whilly-owned Thomas Cook, have a more speculative value. There is no question of Midland being forced to dispose of major assets, but no the other hand it is one of the smaller of the Big Four clearing bank groups and it is proposing the tangest of the series of Big Four U.S. acquisitions. It will clearly be carefully examining its balance sheet structure. Meanwhile the share price

reacted mnenthusiastically on Friday, easing 10p to 382p. Whatever the longer term potential there can be no early payoff for Midland from the Heller takeover, for pre-tax income of \$60m is likely to be fully absorbed by financing costs, while Midland's earnings. are likely to be reduced by goodwill amortisation of around tom a year.

Hill Samuel

For a merchant bank which is intent on avoiding capital businesses, Hill Samuel has a life assurance subsidiary which shows a voracious appetite for funds. The group

Samuel Life Assurance for £12.8m, the current market value. Only two years earlier the opposite transaction took place at what was even then, a bargain price of £3,8m. The upshot is a net transfer of £8.8m in cash to the insurance company.

This has come on top of the This has come on top of the second of extra capital put into the subsidiary in 1976. Hill Samuel decided in that year to deconsolidate ASLA and has not drawn a dividend since, preferring to plough them back into the business to. In all Hill Samuel has apparently but between £15m and £20m into the subsidiary in the past three

The problem for Hill Samuel is that this business has been persistently undercapitaliseddeficiency which pending EEC and domestic regulations have made increasingly pressing. The resulting cash needs have been considerable for a group of Hill Samuel's size the group's shareholders funds were £82m in March. The cash requirement has comfortably exceeded the £10m of new capital put into the group by Arab and U.S. investors af the beginning of last year. So it is just as well that the management expects some sort of pay-out from the life subsidiary business at the end of this business year.

### Inflation

Both Hambros and Hill Samuel give indications in their annual reports of the offect of The figures illustrate how vulnerable merchant banks are on this score because they operate on the basis of higher capital ratios than the clearing banks, for example. His Samuel estimates a charge of 13m against profits would be required to maintain the resilience of disclosed monetary assets, a charge which would cut hanking profits by two thirds. Hambros calculates a required adjustment of \$3.400. which would more than wipe out the disclosed banking profit for 1978-79 admittedly struck after what could well have been a large transfer to inne reserves

understate Tail impact of inflation to the extent that there are further, undisclosed monetary assets—the inner reserves. Yet they also over state the effect on shareholders earnings since there is no reduction for gearing althouse annual report discloses that the both parent groups have sub-parent company recently bought stantial loan capital.

adjustment

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The interested parties may please write in confidence. with details of experience; work executed or under execution and bank reference to the Director, AL-SHARQI TRADING CO. by 30th July, 1979.

> AL SHARQL TRADING COMPANY. P.O. Box 2870, Riyadh, Saudi Arabia.

